

Handwritten Arabic text in a box.

THE WEATHER — PARIS: Monday, variable with showers. Temp. 7-14 (50-57). LONDON: Monday, overcast with sun. Temp. 5-11 (41-52). CHAMBERS: Very rainy. ROMA: Monday, overcast with sun. Temp. 15-19 (59-66). FRANKFURT: Monday, overcast with sun. Temp. 10-15 (50-59). NEW YORK: Monday, Fair. Temp. 2-9 (34-48).

Table with exchange rates for various countries including Algeria, Austria, Belgium, Canada, Czechoslovakia, Denmark, Egypt, France, Germany, Greece, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.S.A., U.K., and Yugoslavia.

No. 30,737 PARIS, MONDAY, DECEMBER 14, 1981 Established 1887

Warsaw Regime Imposes Martial Law; 'Extremists,' Former Leaders Detained

WARSAW — Poland's Communist rulers, charging that the independent labor union Solidarity had pushed the country close to civil war, imposed martial law on Sunday and suspended a wide range of civil liberties.

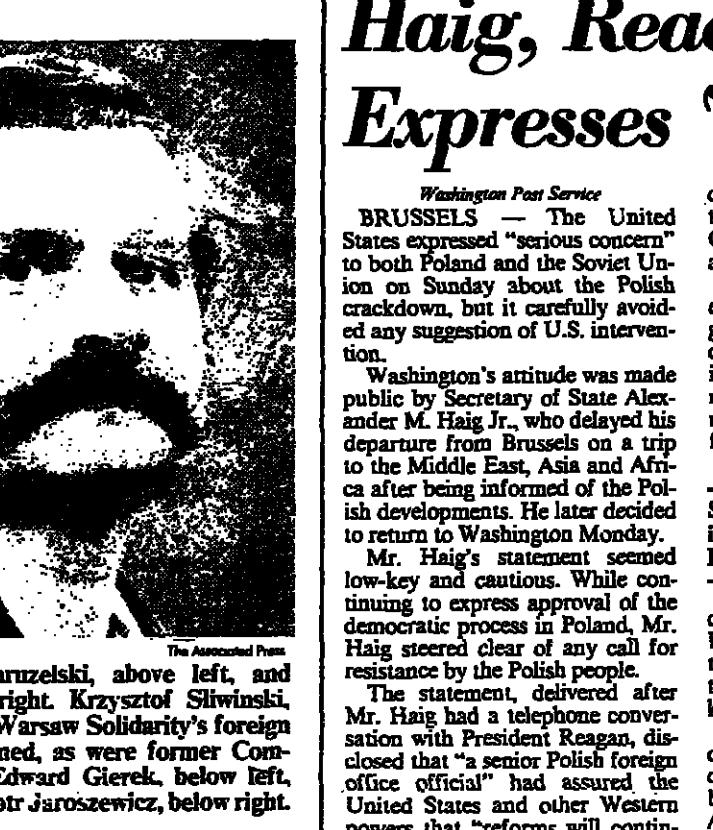
Government spokesman Jerzy Urban told reporters that Solidarity leader Lech Walesa was conferring with officials outside Warsaw and had not been arrested.

Warsaw were Polish. There was no sign of Soviet troops. Union activists in Warsaw defied martial law regulations and issued a call for an immediate general strike.

no intention of replacing workers with soldiers. Mr. Urban said that he knew of no cases of death or injury after troops and police with riot gear and automatic weapons appeared in the streets before dawn on Sunday.

Russians Hail Action Poland as Needed Combat Anarchy

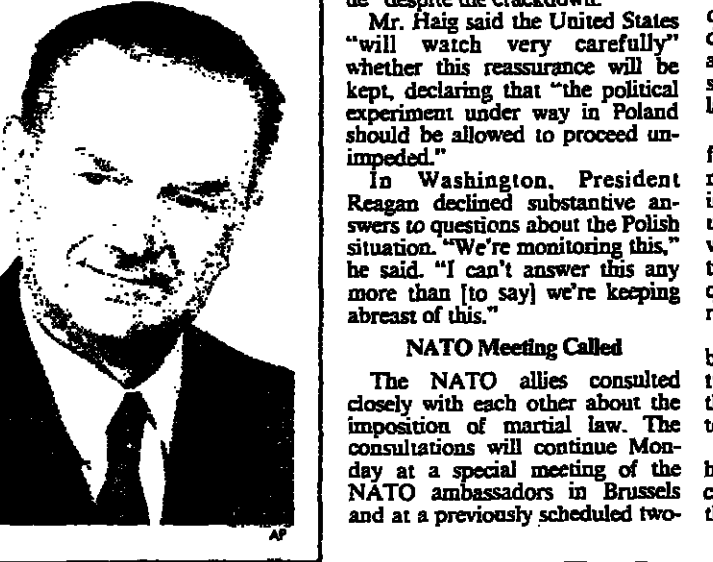
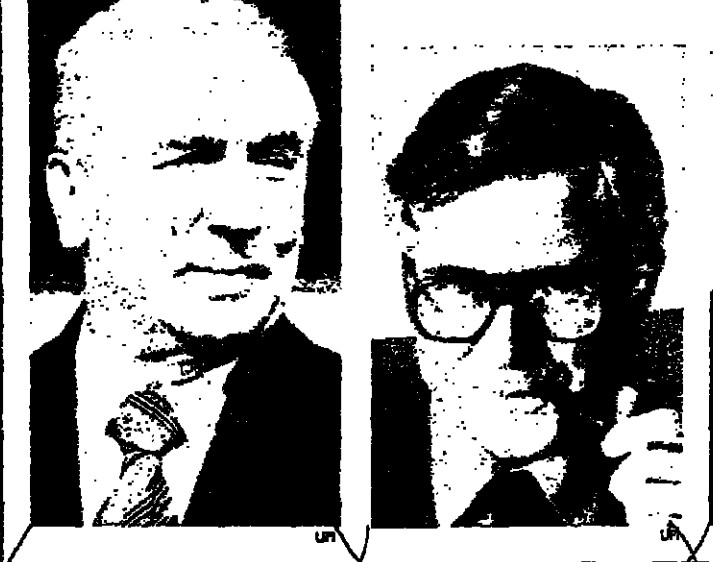
MOSCOW — The Soviet Union gave clear Sunday that it welcomed Gen. Wojciech Jaruzelski's imposition of martial law in Poland, saying it was necessary to oppose the "anarchy threatening the country."



Haig, Reacting Cautiously, Expresses 'Serious Concern'

BRUSSELS — The United States expressed "serious concern" to both Poland and the Soviet Union on Sunday about the Polish crackdown, but it carefully avoided any suggestion of U.S. intervention.

Reaction in East Bloc VIENNA (Reuters) — Czechoslovakia joined the Soviet Union on Sunday in welcoming Poland's decision to declare a state of emergency, saying the move demonstrated the effectiveness of the Polish state and party leadership.



day meeting of the foreign ministers of the 10 European Economic Community countries in London, according to European diplomats.

Later in the day the radio broadcast the full 16-page text of Gen. Jaruzelski's speech to the nation, in both Russian and English. Tass said the Polish leader emphasized that he introduced martial law "in the face of anarchy threatening the country, in the face of irresponsible actions by Solidarity's extremists."

Daughter-in-Law Says Sakharovs Are Weak but Elated After Fast

MOSCOW — Andrei D. Sakharov and his wife are emaciated and weak as a result of their recently ended hunger strike, but united in a hospital suite and elated at their achievement, according to the woman for whose sake they undertook the ordeal.

He looked like Pinocchio. His nose appeared unusually long and his ears seemed to protrude from his thin face. Miss Alexeyeva said, "His eyes were ringed with blue, his cheeks were sunken and his neck was skinny."



INSIDE Iran's F-14s Iran has asked a U.S. defense contractor to sell it spare parts to put its Grumman F-14 fighter planes back into the air. Page 3.

20 U.S. Businessmen, Brought Together by Libya, Criticize Reagan

TRIPOLI, Libya — About 20 American businessmen, responding to a government invitation, have expressed public disagreement with the Reagan administration's decision to call them home because of what Washington calls a threat to their safety.

The official Libyan press agency JANA issued a statement Friday denying that Americans were in danger and pledging the Qadhafi government to help any who wanted to leave.

Two women and an infant girl flew from Tripoli to Malta on Saturday, becoming some of the first Americans to honor President Reagan's order that they leave Libya.

Libyan oil exports are estimated to have fallen to about 700,000 barrels a day in recent months because of high Libyan prices in a generally well-supplied market.

BRUSSELS (NYT) — Secretary of State Alexander M. Haig Jr. has talked to Nigeria's minister of external affairs about oil purchases that could make up the difference in U.S. imports if Washington decided to embargo Libyan oil.

A Polish Chronology: 17 Months of Change, Confrontation and Rising Tension

The Associated Press
WARSAW — Here is a chronology of major events in Poland since last year's labor crisis.

July 2, 1980 — Government measures double the price of choice cuts of meat, setting off strikes in many parts of the country.

Aug. 23 — Deputy Premier Mieczyslaw Jagielski informs strikers at the Lenin shipyards in Gdansk that he is prepared to negotiate their 21 demands, which include freedom of speech, recognition of the workers' right to form independent trade unions, and access to the media by the Roman Catholic Church.

Aug. 24 — The Communist Party Central Committee announces major government and party changes, including the replacement of Premier Edward Babuch by Jozef Pankowski.

Aug. 31 — Mr. Jagielski and strike leader Lech Walesa sign an agreement ending the strikes in Gdansk and recognizing the right to form trade unions independent of the Communist Party.

Sept. 5 — The Central Committee removes Edward Gierk as the Communist

Party leader, replacing him with Stanislaw Kania.

Sept. 17 — A committee of 35 local free trade unions decides to form a nationwide independent union called Solidarity.

Oct. 24 — The Warsaw district court approves Solidarity's application for registration as an independent trade union, with the provision that the Communist Party have the leading role and with a modification of its rights to strike. Solidarity appeals these points and is upheld later by the Supreme Court. Mr. Walesa calls off plans for a nationwide strike.

Dec. 4 — The United States claims the Soviet Union is making preparations for military intervention in Poland.

Dec. 23 — The government announces that because of the economic crisis it is unable to implement a five-day, 40-hour workweek as planned. Solidarity accuses the government of violating the Gdansk agreement.

Jan. 10, 1981 — Millions of Poles stay off their jobs to demand an end to work on Saturdays.

Jan. 24 — Solidarity's call to boycott Saturday work is heeded by millions of workers.

Feb. 9 — The party's Central Committee accepts the resignation of Premier Pankowski. The defense minister, Gen. Wojciech Jaruzelski, is named premier.

Feb. 23 — Soviet President Leonid I. Brezhnev tells a Soviet Communist Party congress that "the pillars of the Socialist state" are in jeopardy in Poland.

March 20 — Solidarity calls a nationwide strike to protest the hearing of activists in Bydgoszcz. The Reagan administration says Soviet intervention in Poland would have "the gravest consequences" for East-West relations.

March 30 — Mr. Walesa and government negotiators reach an agreement that heads off a general strike.

April 1 — Poland institutes meat rationing.

April 15 — Communist Party reformers from across Poland demand fundamental changes in the party, including more democracy and dismissals within the leadership.

April 17 — The government and Solidarity agree on establishment of an independent union of private farmers, the first in the Soviet bloc.

June 7 — The Central Committee of the Soviet Communist Party sends a letter urging its Polish counterpart to take sterner measures in dealing with "counterrevolutionaries."

July 5 — Soviet Foreign Minister Andrei A. Gromyko meets with Polish leaders in Warsaw and is believed to have gradually accepted the convening of a reform-oriented Polish Communist Party congress in mid-July.

July 13 — The government unveils a drastic plan for economic recovery that could boost living costs by 55 percent.

July 20 — An emergency party congress ends after selecting Mr. Kania in the first secret-ballot election for a Communist Party leader in the Soviet bloc. A new Politburo with many reform-minded members is also selected.

Aug. 19 — Printers shut down the official Polish press for two days to press Solidarity's demand for direct access to the news media.

Aug. 26 — Mr. Kania says Poland faces "an explosion" if Solidarity calls more demonstrations and strikes.

Sept. 5 — Solidarity begins its first nation-

al congress in Gdansk with promises by the union's leadership to create "the Poland of our dreams." The congress produces a series of tough resolutions urging fundamental economic, political and social reforms.

Sept. 23 — Deputy Premier Mieczyslaw Rakowski accuses Solidarity of "declaring war" on the regime.

Oct. 18 — The Polish Communist Party Politburo removes Mr. Kania as party leader and replaces him with Gen. Jaruzelski. The party leadership calls for a ban on strikes but the order is not implemented.

Oct. 21 — Strikes erupt throughout the country to protest food shortages. Police and a crowd clash in Wroclaw after officers try to stop union members from reading a proclamation in a public square.

Oct. 26 — Polish troops are dispatched to small towns to help "solve local disputes" and assist in preparations for winter.

Oct. 28 — Solidarity stages a nationwide warning strike to protest handling of the economy and to press demands for access to the media.

Nov. 2 — A wave of wildcat strikes protesting food shortages cases as Mr. Walesa

leads the country in an effort to restore labor peace.

Nov. 4 — Mr. Walesa, Gen. Jaruzelski and Poland's Catholic primate, Archbishop Jozef Glemp, hold an unprecedented "domestic summit" in hopes of paving the way for a Front of National Accord to solve the nation's problems.

Nov. 12 — Students at Polish universities declare a student strike to press demands for academic reform.

Nov. 28 — Gen. Jaruzelski tells the Communist Party Central Committee that strikes and anarchy must be halted or a state of emergency will result. The party leaders call for "extraordinary measures" to end the nation's labor turmoil.

Dec. 2 — Riot police descend on a Warsaw firefighters' academy and end an eight-day sit-in by 320 cadets demanding academic reforms.

Dec. 6 — The Warsaw chapter of Solidarity calls for mass demonstrations Dec. 17.

Dec. 8 — Polish media launch a strong attack on Solidarity, quoting Mr. Walesa as telling a private meeting that confrontation with the regime is inevitable. Mr. Walesa claims his remarks were taken out of context.

Jaruzelski Sees Poland At 'Edge of the Abyss'

The Associated Press
WARSAW — The following are translated excerpts from the radio address Sunday by Gen. Wojciech Jaruzelski, Poland's premier and Communist Party chief.

Our country is on the edge of the abyss. Achievements of many generations, raised from the ashes, are collapsing into ruin. State structures no longer function. New blows are struck each day at our flickering economy. Living conditions are burdening people more and more.

Chaos and demoralization have reached the level of defeat. The nation has reached the border line of mental endurance; many people are desperate. Now, not days but hours separate us from a nationwide catastrophe. Honesty demands a question: Must it come to that?

Around the negotiating table, there was no leadership from Solidarity. Words said in Radom and in Gdansk showed the real aims of its leadership.

It could have been different in our country. It should have been different. But if the current state had lasted longer it would have led to a catastrophe, to absolute chaos. I declare that today the army

Council of National Salvation has been constituted, and the Council of State obeying the Polish constitution declared a state of emergency at midnight on the territory of Poland.

I want everybody to understand my motives and aims for action. We do not aim at a military takeover, a military dictatorship. None of Poland's problems can be solved by force.

The army Council of National Salvation is not a substitution for the constitutional government. Its only task is to protect law in the country, to guarantee re-establishment of order and discipline.

In the name of national interests, a group of people threatening the safety of the country has been interned. The extremists of Solidarity are included in this group as well as other members of illegal organizations.

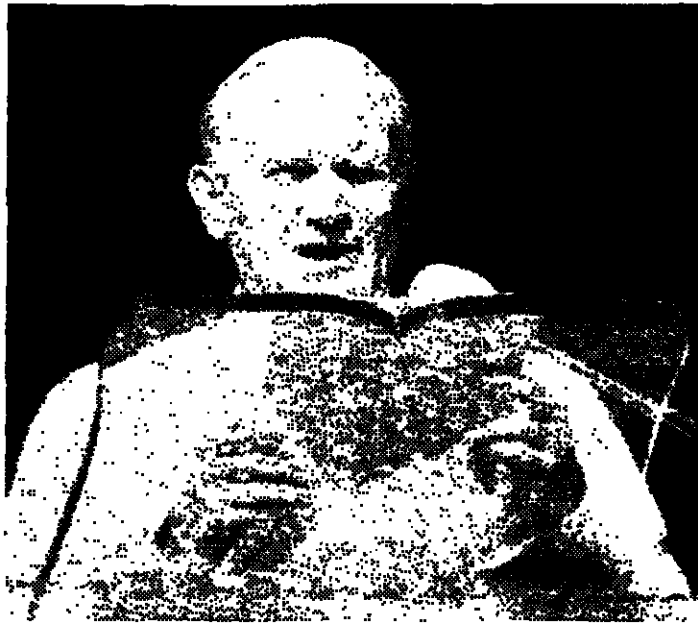
On the demand of the military council, several people responsible personally for pushing the country into the crisis during the 1970s and abusing the posts for personal profit have been interned. Among them are Edward Gierk, Piotr Jaroszewicz, Zdzislaw Grudzien, Jerzy Lukaszewicz, Jan Szydlak, Tadeusz Wrzesniewski and others. The full list will be published.

Despite all the failures and mistakes we made, the party is still the leading and creative force in the process of changes to fulfill its mission sufficiently and cooperate with the allies. To achieve this it must lean on honest, modest and brave people, on those who deserve the name of fighter for social justice in every environment. This will decide the party's authority in society.

Citizens of Poland — as there is no turning back from Socialism, there is no turning back to the false methods and practices from before August, 1980. Steps being taken today serve the preservation of basic features of Socialist renewal. All the reforms will be continued in the atmosphere of order, businesslike discussion and discipline. This also refers to the economic reform.

We must stop further degradation of Poland's international position. This country, with 36 million people in the heart of Europe, cannot indefinitely be in a humiliating position as a petitioner. We cannot allow ourselves not to notice that detaching opinions about the republic "standing on disorder" are reviving again.

At this difficult moment I turn to our Socialist allies and friends. We value their confidence and constant help. The Polish-Soviet alliance is and will be the cornerstone of the Polish raison d'etat and the guarantee of inviolability of our borders. Poland is and will be a firm link of the Warsaw Pact, an unflinching member of the Socialist community.



Pope John Paul II urging his countrymen to avoid violence.

John Paul Says Poland Must Avoid Bloodshed

Rome — Pope John Paul urged Poles on Sunday to pray for peace, telling his countrymen that enough blood had been shed during World War II.

"The events of recent hours convince me once again to ask everyone to pray for the situation in our common land," he said in Polish as he gave his Sunday blessing in St. Peter's Square. "Everything must be done to peacefully construct a peaceful future."

"Polish blood cannot be spilled," he said. "Too much was spilled during the Second World War."

The pope, who was kept informed of developments overnight, said he trusted Poland and his compatriots to the Black Madonna, the country's national religious symbol, "who was given as the defense of the nation."

In another religious, the Vatican announced Saturday that the pope soon would send delegations to the United Nations, Washington, Moscow, Paris and London to discuss the "terrifying prospects" of the use of nuclear arms.

A Vatican statement said that the delegations, mainly composed of scientists from the Pontifical Academy of Sciences, would examine at a scientific level the possibilities of halting the nuclear arms race.

New Argentine Leader Faces Fiscal Problems

Buenos Aires — Gen. Leopoldo Fortunato Galtieri, designated to be Argentina's new president following the removal of ailing Gen. Roberto Viola, is expected to use the period before his inauguration Dec. 22 to talk with prospective Cabinet members.

Gen. Viola was fired Friday by the military junta and replaced by Gen. Galtieri, a pro-American officer who is commander of the army and the dominant member of the three-man junta, the supreme governing body since the armed forces seized power in 1976.

The junta removed Gen. Viola after eight months in office during which he failed to stop a deepening recession and a rising clamor against military rule.

The interim president is Adm. Carlos Lacoste, who was social action minister before the changes were announced Friday.

Gen. Galtieri, 55, will retain his position as army commander and junta member, giving added strength to the presidency. His term will run until March 1984, when Gen. Viola's would have ended. Gen. Galtieri is scheduled to retire from the army at the end of next year. He visited the United States in August and again in September.

Gen. Viola's administration was heavily criticized for failing to reduce Argentina's 130-percent inflation rate, an unemployment rate estimated at 13 percent and soaring interest rates.

The ailing economy contributed to growing social strains and public disenchantment with the military leaders, who have ruled since overthrowing the government of Isabel Peron in 1976.

Another possible problem for the new president may be the human rights record of the military. Human rights groups say that Gen. Galtieri was one of the principal protagonists of what has been called the "dirty war" against subversion in the mid-1970s in which about 10,000 people reportedly disappeared.

The announcement of Gen. Galtieri's new position drew little public reaction. Carlos Cordeiro, head of the Radical Party, said: "It matters little whether Galtieri or Viola is president. What matters is that the chief executive take steps to return to democracy."

Francisco Manrique, president of the Federal Party, said, "You

Schmidt Calls for Noninterference in Poland

From Agency Dispatches
HUBERTUSSTOCK, East Germany — West German Chancellor Helmut Schmidt said Sunday that he believed in noninterference in Poland and was convinced that the East German leader, Erich Honecker, held to the same principle.

Mr. Schmidt held a news conference after the Polish leader, Gen. Wojciech Jaruzelski, declared a state of emergency. The West German's remarks were made after two days of talks with Mr. Honecker that were the first top-level contact on German soil between the two German states in 11 years.

The Schmidt-Honecker meeting had been postponed twice because of East-West tensions. But despite careful planning, events in Poland cast a shadow over the visit Sunday, which is what Mr. Schmidt reportedly wanted to avoid when he put off a trip in August, 1980, Bonn officials said.

Asked by a West German television interviewer for his reaction to the events in Poland, Mr. Schmidt said: "Mr. Honecker was just as dismayed as I that this was now necessary."

Linkage to Weapons

Mr. Honecker told Mr. Schmidt on Saturday that the future of inter-German relations was linked to West Germany's position on its planned deployment of new U.S. nuclear weapons.

In a statement clearly aimed at influencing West German public opinion, Mr. Honecker said, "Good neighborliness cannot flourish in the shadow of U.S. atomic missiles."

But Mr. Honecker's remarks, coupled with accusations that the United States was the cause of the world's tensions, set a clear condition for any movement on German cooperation. Mr. Honecker seemed clearly to be attempting to establish a choice for West Germany between contacts with East Germany and the NATO weapons program.

Relations between the two Germanys have been mainly dormant since the Soviet intervention in Afghanistan in 1979 and the development of the Solidarity labor movement in Poland over the last year and a half.

An East German spokesman, Wolfgang Meyer, said that Mr. Honecker had called on the chancellor to "bind the fate" of his country to the U.S. missiles. He went on to say that the deployment of the missiles necessarily affect relations between East Germany and West Germany.

Honecker Speech

In his speech Saturday, Mr. Honecker also expressed doubts concerning the U.S. Soviet talks in Geneva on the limitation of intermediate-range nuclear weapons in Europe. Many West Germans, particularly in the Social Democratic Party, are resisting the Bonn government's intention to deploy U.S. Cruise and Pershing-2 missiles if the negotiations fail to produce results by the late summer of 1983.

While the chancellor expressed hope for the talks, Mr. Honecker said, "The start of negotiations is, by itself, no guarantee for a good result. There's no basis for such a supposition, because the zero solution offered by the United States, when studied closely, means a minus solution that burdens the Soviet Union and our defensive alliance."

Private citizens were not allowed near the site of the talks. Correspondents received copies of the speeches at a press center about 15 miles (24 kilometers) away.

Mr. Schmidt said he hoped his visit had cleared up some misunderstandings and created trust. Regarding the Polish situation, he said: "We are holding strictly to the basic principles of noninterference."

In response to questions, Mr. Schmidt said he spoke primarily on behalf of West Germany, but added, "I am convinced Mr. Honecker is also motivated by the basic principle of the sovereignty of the People's Republic of Poland."

The official East German media relayed Gen. Jaruzelski's declaration in its entirety without comment.

Political observers had been surprised by the speed with which

the Schmidt-Honecker meeting was arranged after Soviet President Leonid I. Brezhnev's visit to Bonn last month. They said it was likely that both sides had feared that a new East-West crisis could again intervene.

The chancellor said he had visited Mr. Honecker to visit with Germany and that the date had been accepted, although the date had been set.

The only concrete security from the talks was a sign, on admission of a credit of the same Deutsche marks (\$400) when East Germany to buy West German goods.

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Mitterrand Backs Portugal EEC Bid On Visit to Lisbon

Lisbon — President Francois Mitterrand of France has strongly endorsed Portugal's bid to enter the European Economic Community, and the Portuguese premier, Francisco Pinto Balsemao, expressed confidence that Lisbon would join in 1984.

Mr. Mitterrand, who was here on a 24-hour visit, told the Portuguese parliament Saturday that Portugal was welcome in the EEC.

"Because Portugal is a democracy, it has applied to join the European Community — has its rightful place there," he said, adding that France felt negotiations with the EEC could begin early next year.

Mr. Pinto Balsemao, who earlier met the French president for an hour, told reporters: "What we are aiming at is to sign the accession treaty by the end of next year, which would enable us to be full members in 1984. I am confident about 1984."

Later Saturday, thousands marched in Lisbon and other cities to demand the resignation of Mr. Pinto Balsemao's center-right government. The rallies were organized by the Communist-backed General Confederation of Portuguese Workers (CGTP) to protest government plans to limit wage increases and to revise the 1976 constitution.

Bankers' Meeting Expected

FRANKFURT (Reuters) — Western bankers, on the verge of signing a complex agreement to reschedule \$2.4 billion of Poland's commercial debt, are expected to hold an emergency meeting early this week to discuss the latest developments in Poland, banking sources said on Sunday.

One economist specializing in Soviet bloc affairs said that as long as there was no direct Soviet intervention in Poland, the banks' concern was likely to remain focused on whether Poland could meet its remaining interest rate obligations this year, a key condition of the rescheduling agreement.

Regime in Warsaw Imposes Martial Law

Warsaw — The regime in Warsaw imposed martial law Sunday, banning strikes, protests, publications and public assemblies, except religious services, were banned until further notice.

It added that Poles were prohibited from leaving the country and that special permission was required to visit border areas.

The national airline LOT said that all of its domestic and foreign flights were being canceled on Monday.

Regulations for the censoring of mail, telecommunications and telephone conversations were announced by the radio.

Warsaw radio broadcast a communiqué by the National Defense Committee, which said that the death sentence could apply for those who refused to serve under the regulations covering civil disobedience and "militarized" services.

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Bombing of West Bank Home Halted

Jerusalem — The parents of Ziad Abu Eain, a Palestinian who was extradited from the United States to Israel to face charges of exploding a terrorist bomb, obtained a temporary order from Israel's Supreme Court on Sunday preventing the West Bank military government from blowing up their house as a punitive measure.

Mr. Eain, 21, the first Palestinian to be extradited under an Israeli-U.S. treaty signed in 1963, was returned to Jerusalem from Chicago on charges he was involved in a bombing in Tiberias on May 14, 1979, which killed two youths and wounded 36 other persons. He had fought extradition on the basis of a "political offense" exception to the treaty.

The Supreme Court restrained the military government from blowing up or sealing shut the family home in Ramallah pending completion of legal proceedings against Mr. Eain. Since Israel occupied the West Bank and Gaza Strip in 1967, the army has blown up nearly 1,500 Arab homes, most of them owned by families of persons arrested as suspected terrorists. Israeli officials say the policy is intended to be a deterrent.

Tass Condemns a Spanish NATO Role

Moscow — Tass has condemned Spain's conditional acceptance into NATO and repeated a warning that the Soviet Union might take "appropriate steps" in response.

Representatives of the 15 nations of the North Atlantic Treaty Organization signed a protocol on Spain's membership Thursday in Brussels. Spain will take its place in the alliance when the protocol is ratified by the member countries.

Tass charged Saturday that the move could have dire economic and political consequences. "It is aimed at raising the level of confrontation between the two military-political groupings, at upsetting the balance of forces established on the continent [and] ... at heightening international tension," the agency said.

In early September, Spain rejected as unacceptable interference a Soviet note that said that Spanish membership in the alliance would violate Moscow's interests.

Danish Socialists Win Seat in Recount

Copenhagen — The Socialist People's Party gained one seat in the Danish Folketing (parliament) at the expense of the center-rightist Liberal Party on Sunday, when results of an official recount of last Tuesday's election were released.

The change did not affect the political balance of power. Premier Anker Jorgensen, whose Social Democrats lost nine seats in the tallying, has been hampered in his attempt to form a minority government with parliamentary support from the Socialist and the Social-Liberal parties.

Social-Liberal leaders have insisted on a majority government including both the Social-Democrats and some of the major non-Socialist parties.

ROUGE

It hits you with the punch. Then soothes you with a caress.

Lubin, parfumeur, Paris.

Parfums Lubin, 64 Faubourg Saint-Honore 75008 Paris

British Isles Hit By 3d Snowstorm

LONDON — Hurricane-force winds and mounting snowdrifts disrupted travel and blacked out large parts of the British Isles on Sunday as Britain and Ireland were hit by the third snowstorm in five days.

At least two persons died in storm-related accidents, and two others were missing. The storm snapped power lines in southwest England, south Wales and Northern Ireland, officials said.

Lights flickered all day in London, and the Meteorological Office headquarters in Bracknell, west of the capital, lost power Sunday evening. Blizzard conditions forced most airports to close.

Sakharov and Wife Reported Weak but Elated After Fast

Washington, the State Department said the United States expects continuation of "the same friendly, cooperative relations" it had with Argentina under the Viola regime.

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Counting Begins in Malta Election

Valletta, Malta — Counting began Sunday in Maltese general elections that could decide if the strategic island, a former British colony, establishes closer ties with the West or the Soviet Union. Results are not expected until Monday.

The balloting pitted the Labor Party of Prime Minister Dom Mintoff, 65, who has ruled since 1971 and has sought to impose Socialism, against the Nationalist Party, led by Edward Fenech Adami, 47. In the last election, in 1976, the Labor Party won by 6,000 votes and gained a majority of only three seats in the 65-seat House of Representatives.

Mr. Mintoff oversaw the removal of a NATO base on the island and signed controversial cooperation agreements with Moscow, but he describes his foreign policy as one of neutrality. But Mr. Adami said in an interview, "We have nothing to fear from the United States or other Western countries, but we cannot trust the Soviet Union."

Bomb in Car Kills 2 in London

LONDON — A bomb in a car killed two men and seriously injured a third Sunday in the West End of London.

An official said the three men, of Middle Eastern origin and possibly Iranians, were in the car, which was just pulling away when the bomb went off.

There was no link with the outlawed Irish Republican Army as originally suspected, a Scotland Yard spokesman said. There have been three IRA bombings in London since October, killing three persons and injuring 40.

Writer Is Detained

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First Two Weeks

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On Dec. 4, on the 13th day of the hunger strike, eight men broke into the Sakharovs' apartment and hustled them outside. Mr. Sakharov and Mrs. Bonner were separated and taken to separate hospitals.

For the next four days, doctors

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سازمان اطلاعات

Iran Seeks F-14 Parts From U.S. Contractor; Government Bars Deal

By Richard Halloran
New York Times Service

WASHINGTON — Iran has asked a U.S. defense contractor to sell it spare parts to put its fleet of Grumman F-14 fighter planes into the air.

So far, however, the Reagan administration has stuck to its policy of not allowing military equipment or high-technology items to be exported to Iran.

Iran's request came in a letter to the London office of Grumman Aerospace Corp. of Bethpage, N.Y., from an Iranian purchasing agency, a company official said. Grumman turned the letter over to the Navy, for which it produced the F-14.

A spokesman for the Navy acknowledged that the letter had been received but said, "It is the present policy of the United States government not to permit Grumman or any other defense contractor to obtain a license to provide Iran with these materials."

80 Planes Ordered

The \$17-million plane is considered to be among the world's most powerful fighter planes. Designed to be flown from aircraft carriers, it has a maximum speed 2.4 times the speed of sound. Its basic mission is to clear the skies of enemy aircraft and, second, to attack enemy ground formations or installations. U.S. Navy pilots were flying F-14s when they shot down two Libyan aircraft over the Mediterranean in August.

Iran's F-14s have been grounded largely by a lack of training and spare parts, according to military officials here.

When Shah Mohammed Reza Pahlavi was in power, Iran ordered 80 F-14s, and 79 of them were delivered, the last in 1978. The final plane was kept in the United States, at Iran's request, for further engineering and testing. It is stored in Arizona, a Navy official said.

Officials here assume that two of Iran's F-14s have crashed because the latest report on military forces around the world by the Institute of Strategic Studies in London says Iran has 77 of the planes. Only nine are thought to be serviceable.

In its war with Iraq, Iran has occasionally been able to fly a few F-14s, according to officials here. But so far as they can determine, the planes have not been used in combat. Rather, they have stood off from the battle and been used as control aircraft, with their advanced radar and electronics guiding other planes to their targets or warning the pilots of Iraqi aircraft attacks.

When properly used, the warning system in an F-14, which has a

crew of two, can identify 24 attackers at one time and direct attacks on six targets.

Defense and State Department officials here were uncertain about the political meaning of Iran's request. They pointed out that the Iranian government and brokers asserting they were acting on behalf of Iran have been trying to buy spare parts and military equipment wherever they could find them. These agents, the officials said, had let it be known that they would be willing to buy parts from the United States if they could not be obtained elsewhere.

The officials said they doubted that the effort represented a change in Tehran's hostility toward the United States. "I think they just want to get their planes in the air," an official said.

The U.S. officials said they would not speculate on whether the effort meant Iran intended to step up its war with Iraq.

Officials said Iran's attempt to obtain more weapons and parts indicated that the revolutionary forces had become less suspicious of the military. The officials said that the military was believed to have conducted itself well in the conflict with Iraq and to have gained esteem in the eyes of the revolutionaries.



FLEEING THE FIGHTING — Herding a mass of animals, refugees from the Iranian town of Bostan squeeze across a bridge over the Bostan River. Bostan, which is about five kilometers (three miles) from the Iraq border, has been reported recaptured from Iraq by the Iranians.

U.S. Senators Demand More Data On Alleged Donovan-Mafia Link

By George Lardner Jr.
Washington Post Service

WASHINGTON — The Senate Labor Committee's chairman and ranking Democrat have demanded that the Justice Department respond to a series of unanswered questions about alleged Mafia connections with Secretary of Labor Raymond J. Donovan's former construction company.

The demand was made after a secret Justice Department briefing Friday for committee chairman Orrin G. Hatch, Republican of Utah, and ranking minority member Edward M. Kennedy, Democrat of Massachusetts. Mr. Donovan is being investigated by the FBI because of reports that he was present at an alleged 1977 payoff of a New York labor union leader by another executive of Mr. Donovan's firm, the Schiavone Construction Co.

The questions were first posed last July by Sens. Hatch and Kennedy. The FBI refused to answer them then because they said "protective court orders" had been placed on the bureau's secret wiretaps and electronic eavesdropping in 1979 at a South Bronx warehouse run by William P. Masselli, a suspected member of a New York Mafia family.

Jopel Construction and Trucking, a company headed by Mr. Masselli, had grown into a multimillion-dollar business as a subcontractor to the Schiavone Construction Co. on New York City subway projects.

At least one conversation the FBI picked up dealt with invitations to Mr. Masselli to fly to a function with "Ronnie [Schiavone] and Ray Donovan." Ronald Schiavone was president of Schiavone Construction at the time.

Contacts Denied

Mr. Donovan denied that he had any social or personal relationship with Mr. Masselli in sworn testimony at Senate confirmation hearings last January. There had been allegations at the time that Schiavone Construction, of which Mr. Donovan had been executive vice president, was "mobbed up" largely because of contacts with Mr. Masselli.

The FBI, however, said that it had not been able to corroborate any of the claims. It made no mention of the tape-recorded references to Mr. Donovan and Mr. Schiavone until this past summer, after Sens. Hatch and Kennedy learned through press reports of the eavesdropping.

The bureau then disclosed that sometime in 1979 there had been a brief conversation between Mr. Masselli and his son, Nat, about an invitation Mr. Masselli had gotten from an unnamed individual to get a plane ride with Mr. Schiavone and Mr. Donovan to some affair for which the friend had tickets.



Raymond J. Donovan

U.S. Said to Consider Phasing Out Preschool Program for the Poor

By Spencer Rich
Washington Post Service

WASHINGTON — The Office of Management and Budget has proposed phasing out the Head Start program for preschool children from low-income homes by merging it into a community services block grant, sources here said.

Head Start was one of the social "safety net" programs the Reagan administration called inviolate earlier this year.

The budget office plan to eliminate its separate identity and shift its funds to the block grant over four years has been sharply protested by Richard S. Schweiker, the Health and Human Services secretary, in a letter of appeal to budget office director David A. Stockman, sources said Friday.

Mr. Schweiker, who is fighting several fiscal 1983 cuts proposed by Mr. Stockman, reportedly said in the letter that he opposed putting Head Start into a block grant. Equally important, Mr. Schweiker told Mr. Stockman, under the budget office plan total funding available for Head Start in fiscal 1983 would be \$780 million, substantially less than the \$950 million the president originally proposed for 1982 and the \$912 million for fiscal 1983 that Congress has provided in the latest government funding resolution. Fiscal 1983 begins Oct. 1, 1982.

Cuts Called 'Unwise'

In the same letter, sources said, Mr. Schweiker warned Mr. Stockman that other 1983 cuts proposed by the budget office would undermine medical research in the United States, block further progress in disease control and violate treaty obligations to American Indians. Calling such cuts "unwise and

and was sentenced to seven years in prison.

The tapes, however, were sealed by federal court order on Nov. 23. So far there is no indication on the public record of renewed interest in them by federal authorities or anyone else.

The Friday briefing also dealt with the new FBI investigation into allegations that a \$2,000 payoff was made to a New York labor leader in Mr. Donovan's presence.

Sources said Sens. Hatch and Kennedy asked for a copy of the Justice Department's report as soon as it is made to the U.S. Court of Appeals in Washington.

according to sources, calls for shifting one-quarter of the Head Start funds into the block grant to the states each year for four years. It also calls for merging the child abuse and runaway youth programs in the same grant. Mr. Schweiker said they would more properly fit into the Social Services block grant.

In comment on other programs, Mr. Schweiker reportedly protested:

- A plan to merge six health programs, including the food program for women, infants and children, into four health block grants and then slash funding for all the blocks combined to \$1.86 billion in fiscal 1983. He objected to including the child-health screening and developmental disabilities programs in the health blocks. In addition, he said \$1.86 billion was far too low, a one-third cut from what all the programs in the proposed blocks (including the six additions) had received as individual programs in fiscal 1981.
- Cuts proposed by Mr. Stockman in the National Institutes of Health and in alcohol, drug abuse and mental health research. Mr. Schweiker said the cuts would seriously disrupt research, and demanded restoration of \$172 million to put the institutes at \$3.75 billion and alcohol-drug-mental health research at \$300 million.
- An \$86-million cut planned by Mr. Stockman in Mr. Schweiker's \$638 million request for Indian health services. Mr. Schweiker said restoring the money would allow the health service "to fulfill its obligations without a reduction in services."
- A budget office plan to cut direct activities of the Center for Disease Control, "a center of excellence unequal anywhere else in the world," from about \$242 million to about \$197 million.

FBI Seizes Iran Reprints of Data Believed Taken From U.S. Embassy

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — Three American free-lancers who recently returned from Iran are engaged in a legal tug-of-war with the FBI over 11 volumes of Iranian reprints of secret U.S. documents apparently taken from the U.S. Embassy in Tehran.

The free-lancers, a former correspondent and two technicians, said the books, which one of them bought for about \$7 apiece at a Tehran newsstand, had been taken from luggage in their cargo shipment by customs agents at Logan International Airport in Boston about Dec. 3, and were being held by FBI officials.

The three have demanded that the books be returned. Their attorney, Charles S. Sims of the American Civil Liberties Union in New York, said Friday that his clients would sue the government, if necessary, on grounds it illegally searched and seized their property.

An FBI spokesman confirmed that the books had been seized, and said they were "presently being looked at as part of a pending FBI investigation." He refused to say whether criminal charges were being considered.

The dispute appears to involve legal questions never resolved by the Supreme Court — whether government secrets are government property or can remain classified after they have been widely disseminated.

Terri Taylor, one of the three free-lancers, said in an interview Friday that two FBI agents who questioned her told her the books were taken because they were "U.S. government property" and "classified documents." She added that the agents said the books were taken "under the theft-of-government-property statute."

William W. Worthy Jr., 60, a writer and lecturer who was the leader of the group, said the books, which purported to contain photocopies of secret documents taken from the embassy after it was seized by Iranian militants on Nov. 4, 1979, had been widely distributed in Tehran and, apparently, in other countries.

The three free-lancers said the secret documents in the books contained detailed descriptions of the operations of U.S. and Israeli intelligence agents in Iran and their relationships with Iranian officials, and SAVAK, the secret police under the shah.

Mr. Worthy said he had gone to Iran as an "independent journalist" under contract with CBS News [a major American television news organization] specifically for this assignment, and that Miss Taylor, 25, and Randy Goodman, 26, had provided technical assistance with film and audio recording.

Mr. Worthy added that CBS had paid their expenses for the eight-week trip in October and last month.

Mr. Worthy said he visited Iran in February of last year while more than 50 Americans were being held hostage, to write about a visit by a group of Americans who had been invited by the Iranians who seized the embassy.

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STAYING AHEAD IN THE RACE TO TOMORROW.

Javier Pérez de Cuellar

With a figurative puff of white smoke, the United Nations Security Council finally selected a new secretary-general — a seasoned and soft-spoken diplomat from Peru, Javier Pérez de Cuellar. Since he garnered his 10 votes without openly campaigning, Pérez de Cuellar presumably owes no special debts to any of the permanent members. Four of these cast votes in his favor, with the Soviet Union reportedly abstaining. Assuming the General Assembly's approval, Pérez de Cuellar may be relatively free to shape his five-year term, starting next month.

By definition, however, his election means that the major countries see him as a safe choice to succeed Austria's Kurt Waldheim,

whom he has served as deputy. Pérez de Cuellar ruffled few feathers in vainly seeking a Cyprus settlement and the withdrawal of Russian troops from Afghanistan. It is said that he showed more tact than backbone. Perhaps he can nonetheless find his voice at 61 and make himself an effective spokesman for humane values.

The veteran Peruvian diplomat is widely read, and his favorite authors include Cervantes, Miguel de Unamuno and José Ortega y Gasset, who wrote, respectively, "Don Quixote," "The Tragic Sense of Life" and "The Revolt of the Masses." Those titles certainly catch the flavor of his new job.

THE NEW YORK TIMES.

Talk After the Theater

Israel began installing a new civilian administration on the West Bank last month, and almost daily since then Palestinians have been demonstrating against it. The Begin government sees its plan as a way to demilitarize the occupation and, beyond that, to prepare the way for local Palestinian moderates to come forward, outflanking the PLO. But a good number of Palestinians see the plan as a trick. Their strategy has been to provoke the Israelis into showing a military hand and into showing it in a way, before the international media, calculated to make Israel look arbitrary and repressive to the world. Israel has played perfectly the role assigned to it. It has locked up 12-year-olds for throwing stones, imposed the collective punishment of closure on Bir Zeit University, suspended the newspaper Al Fajr, and so on. The resistance has not appeared so innocent, the occupation so unjust, in some time.

It is a dismal scene. But it is, at the same time, theater. Everyone in the Middle East knows it, although not everyone outside. The Israelis can bring overwhelming power to bear on the West Bank. They are not going to yield on their vital interests because of a few weeks of protest scenes on world television.

Soon the situation will be back to "normal" — an occupation that brings considerable benefits, other than political, to many Arabs, and a resistance that keeps the flame burning but gives the occupiers only brief pause. There is a stalemate: The occupation cannot defeat the will of the Palestinians, and the resistance cannot throw off the rule of the Israelis.

It is dangerous to American interests to have the Palestinian-Israeli problem fester

without end. There is, however, only one way in which change can come: by agreement between Palestinians and Israelis. And only one diplomatic process exists: Camp David. The problem there, of course, is that the Israelis guard the door to Camp David, and they are taking an open and rigid position against Palestinian self-determination, which is the Palestinians' natural and proper goal.

Eventually, Israelis or Palestinians must grant each other full political recognition, but it seems too much to expect that to happen at this time. The formulas that keep being suggested to accomplish this bit of magic all seem gimmicky and unreal. Nor is it in the cards for the Americans and the Saudis to collaborate in a big squeeze of Israelis and Palestinians — the other familiar scenario. That leaves only a much more limited prospect. Perhaps this is the moment for a general lowering of sights.

So far the Israelis have not made an offer that any self-respecting Palestinian could accept. If things go on that way, the autonomy talks will surely fail, and most of the onus will fall on Israel. The Israelis must sweeten their offer substantially. If they do, the Palestinians should be encouraged to take it. They may curse, but let them take it — if they do not, most of the onus will fall on them. Then let everyone watch what develops. Allow a little time for Israelis and Palestinians to work into what must be at least a somewhat different pattern from the one that both of them find unsatisfactory today.

It is foolish to be optimistic in the Middle East. It is more foolish to be categorical. Is there not merit in this modest approach?

THE WASHINGTON POST.

Sham Independence

With every proclamation of a "separate" new tribal homeland, South Africa gives a cruel twist to the meaning of independence. Although their statehood is ushered in with ceremonies that ape decolonization — the lowering of South Africa's flag, the firing of a 101-gun salute — the policy is in fact a cynical effort to preserve white dominance in the richest regions and to strip South African blacks of their already limited citizenship.

Tiny Ciskei recently became the fourth such "independent" state. It means that a black with ancestral ties to the Xhosa people of that region, even if he has lived in Johannesburg his entire life, becomes a Ciskei citizen. The Pretoria regime has thus divested itself of 8 million black citizens so far.

South Africa's leaders insist that they are accommodating the wishes of black majorities in the tribal areas, as certified by elections. But the voting is widely boycotted, and that which does take place is hardly free. At one polling place during Ciskei's vote on independence, the ballots of voters were

marked by officials. Stamps were placed in passbooks, an intimidating act that made nonvoters easy to identify. Workers were told they would have to vote to get paid.

Resistance to the homeland police, meanwhile, causes bloodshed. Relatives and friends of Thozamile Gqweta, a black union leader who has come to symbolize opposition to the independence scheme, have died mysteriously in recent months.

The resistance is hardly surprising. From 25 to 50 percent of the people in Ciskei are unemployed; malnutrition is widespread; per capita income is little more than \$300 a year. There is no economic infrastructure on which to base independent development. South Africa proposes to underwrite 77 percent of the Ciskei budget, and South African security forces will police the new "country."

Ciskei is not a nation or the product of meaningful self-determination. Its people are isolated and expelled from South Africa, in the service of a brutal apartheid.

THE NEW YORK TIMES.

Spain: Back to Europe

For Spain, Thursday was a historic day. NATO's 15 members formally invited it to join. The invitation has a strategic aspect: The Atlantic Alliance should be the firmer for incorporating Spain's military assets directly. The principal aspect, however, is the domestic significance. The Franco dictatorship had isolated Spain. What international legitimacy the country did enjoy came, after 1953, chiefly from its bilateral military connection with the United States. Now a nation that in its dominant cultural strain feels itself to be a founding father of modern Europe is returning, institutionally, to its roots.

One unfortunate by-product of the long estrangement from the democracies is that, within Spain, public support for entry to NATO does not appear strong. A recent Gallup poll found 27 percent of the people in favor, 39 percent against and the rest undecided. A misplaced nostalgia for the benefits of sideline-sitting has provided a certain soil for Socialist Party appeals to neutralism and pacifism and for Communist Party exhorta-

tions along the Moscow party line. The result has been to make the government reluctant to test popular support for NATO entry in a referendum, and to try to move the issue as far along as possible before the next parliamentary elections in the spring. This is a bit embarrassing. It is, however, the only elected government of Spain that is knocking on Europe's door, and that is plenty of reason to accept the bid as authentic.

There are diplomatic details to see to. Spain is pondering how entry into NATO might strengthen its hand in dealing with the British on Gibraltar and in maintaining its colonial enclaves. The United States hopes that Spain's policy of ruffling no Arab feathers can accommodate access by the new Rapid Deployment Force to some of those old Spanish bases. The important consideration, however, is that with the invitation from NATO in hand and with a second invitation from the EEC expected in a few years, Spain is finally coming "home."

THE WASHINGTON POST.

Dec. 14: From Our Pages of 75 and 50 Years Ago

1906: Adige Rising in Veneto

VENICE — It is high time the inhabitants of the Veneto in general and Venice in particular became aquatic, or at least amphibious! What with inundations from overflowing lagoons and a damp sirocco wind enveloping us, we hardly know whether we are living on the land or in the sea. The Adige has risen higher than it did in 1882, but since then its banks have been raised and strengthened and fortunately they have as yet stood the strain. They are watched by soldiers day and night. At Schio the Astico has broken its banks and invaded the country around, tearing down trees and walls. The telegraph offices remain open all night, lest any serious catastrophes occur.

1931: German Over-Borrowing

WASHINGTON — An official of the State Department has revealed that the government issued a warning early in 1928 to international bankers not to overload Germany with loans. The warning was issued shortly after Gilbert Parker, then agent-general for reparations payments under the Dawes plan, had openly accused Germany of over-borrowing and over-spending. In the inquiry about to begin before the Senate committee on finance, the text undoubtedly will be demanded as part of the evidence on the foreign loan question. Representatives of eight international banking firms have been called to testify, including J.P. Morgan & Co., Kuhn, Loeb & Co. and Chase National.

Poland: The Denouement After a Long Struggle

By John Darnton

WARSAW — A television viewer in Warsaw could hardly be blamed last week if he thought the end was just around the corner. The state-controlled networks piped out hair-raising daily wrap-ups. Correspondents around the country told tales of workers preparing for a day of reckoning. Some were said to be stockpiling supplies or laying in medical equipment; others supposedly were setting up "secret" leaderships in case the current ones were arrested, or were organizing squads of "worker guards" for self-protection. "All this is creating an atmosphere of insurrection and tension," a television commentator intoned.

Tension there certainly was, and this time it went out of control. It began with a government propaganda barrage of an intensity disquieting even to some government supporters. It reached a climax early Sunday morning when riot police seized Solidarity headquarters and arrested union leaders. The government declared a state of emergency and set up an army Council of National Salvation. The long struggle had reached its climax.

Observers who have followed Poland's ups and downs since Solidarity leaped onto the scene 16 months ago have noted a curious phenomenon. The strained relations between union and government went through cycles. Until now they built toward an ultimate confrontation without reaching it; then they ebbed, as if both sides were exhausted or scared. After a period of negotiations and hope, suspicions grew again and a new crisis loomed. Each crisis seemed a little deeper, each impending confrontation more spookily real. It was as if both sides would have been unthinkable six months before. It became harder to solve the impasse, because techniques that worked before were used up. Sunday, finally, the breaking point was reached.

This time it was the government that took

the initiative. Gen. Wojciech Jaruzelski has moved with a decisiveness that surprised many Poles. Since replacing Stanislaw Kamia as party leader in October, he has sent military units around the country to be enforcers. He resumed negotiations with Solidarity. And on Nov. 4 he consented to a historic "summit" meeting with his two counterparts in power, Lech Walesa and Archbishop Jozef Glemp, the Roman Catholic primate. The meeting set off vibrations of hope; many Poles had long believed that if these three leaders could sit down around the same table, they would be able to break the spiral of conflict.

But it did not work out that way. The government and party spoke of a "front of national agreement" that would unite disparate elements with a common interest in survival. But there were strikes by pocket-party students, sit-ins by farmers, and pickets of industrial areas. Pressures built up in the party for emergency measures, notably a law to ban strikes temporarily. Solidarity threatened a general strike if such a ban came to pass. On Saturday the union's National Commission met in Gdansk and decided to call for a national referendum on setting up a non-Communist government and redefining the country's military relationship with the Soviet Union, by far the most controversial proposal raised by Solidarity leaders. The denouement was near.

The national front was an idea whose time had passed or not yet come. Party hardliners such as Stefan Olszowski saw it as a window dressing. Moderates such as Deputy Premier Mieczyslaw Rakowski envisioned a genuine coalition. The government wanted to include everyone — old trade unions, autonomous trade unions, Solidarity, young Socialists, church groups — thereby diluting Solidarity's share of influence.

Walesa appeared to favor a tripartite grouping of church, Solidarity and party, each with a veto, to reflect the realities of power.

But while rival concepts were being explored, politics would not sit still. The party's Central Committee veering closer to an uncompromising line, told the government to get moving on invoking emergency powers. Then riot police, backed by the army, stormed a strikehead fire cadet academy in Warsaw, demonstrating new ferocity, albeit without casualties. In an angry reaction, Solidarity leaders assembled in Radom

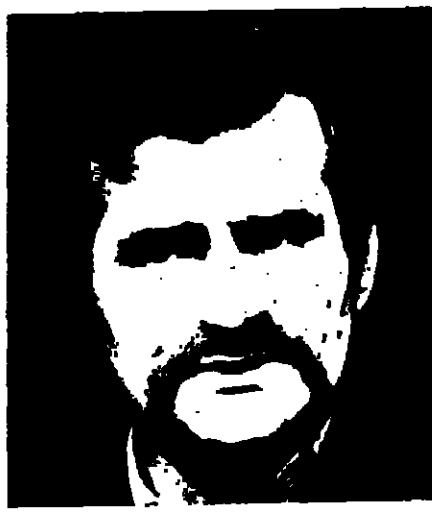
as government propaganda had charged. Walesa was particularly embarrassed; millions heard him say that he had believed in the inevitability of confrontation all along and was secretly working toward it — an admission not borne out by the facts but seemingly aimed at re-establishing his credentials with Solidarity militants.

The authorities' guiding policy was clear. They worked to open Solidarity to tempering its drive to help society by holding out hopes of reconciliation, while trying to trim its popular support by depicting the union as radical and subversive. All the while they prepared for the final showdown.

Solidarity, meanwhile, was showing signs of malaise. Some leaders conceded privately that perhaps 30 percent of its 9.5 million members were "wavering" and susceptible to government persuasion. There was a feeling that the union was being outmaneuvered and had missed big chances. "The union is not stronger than it was; it is weaker and every activist realizes this," said Karol Modzelewski, a top strategist, according to a government transcript of the Radom tapes. As a result, activists who saw opportunities reemerging moved toward confrontation. "The philosophy of 'one final push' is taking hold among some regional Solidarity leaders," said an East European source close to the union.

On the government side, showing a bit of iron fist only aroused a cry for more such action from hard-liners. The Radom tapes unleashed a strong round of new attacks on Solidarity from Moscow, Prague and Sofia, increasing the pressure on Warsaw. Glemp lobbied against emergency powers, but he could not persuade Jaruzelski to meet Walesa again. As the sense of crisis deepened, the balance of forces seemed so delicate that it either side seemed to be gaining too much at the expense of the other, strategy could follow. Early Sunday, at last, it did.

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and let off steam in an atmosphere of unrestrained militancy.

There the government pulled a coup: It secretly tape-recorded the session, and played fragments over the radio, making the union seem as hot-headed and deviously rad-

Republican Politicians Face Unemployment

By David S. Broder

WASHINGTON — It was on Aug. 27, 1980, that candidate Ronald Reagan told an audience of Teamsters in Columbus, Ohio, that the lives of working people had been "shattered by a new depression — the Carter depression." The unemployment rate in what Reagan chose that day to characterize as a "severe depression" was 7.6 percent.

That was below the 9 percent peak of the 1975 recession when President Ford was in the White House, and far below the 25 percent unemployment level of the Great Depression.

Reporters in Columbus went hunting for Ford's economic adviser, Alan Greenspan, who was traveling with Reagan and had drafted the speech. Greenspan said the language in question had been inserted after the speech left his hands. While "we are in one of the major economic contractions of the past 50 years," he said, "I wouldn't describe it in such terms as Reagan had used."

Reagan then issued a formal statement saying, "As far as I am concerned, the link between recession and depression cannot be measured in the strict economists' terms but must be measured in human terms. When our working people — including those who are unemployed — must endure the worst misery since the 1930s, then I think we ought to recognize that they consider it a depression..."

8.4% Jobless
A few days later he attacked President Carter for protesting, "If he wants a definition, I'll give him one." Reagan said, in what became one of his guaranteed applause lines, "A recession is when your neighbor loses his job. A depression is when you lose your job. And recovery is when Jimmy Carter loses his."

Last week, unemployment in the 10th month of the Reagan administration hit 8.4 percent — higher than when candidate Reagan spoke of a "severe depression."

Ronald Reagan has short memories and lack a spokesman with wit. But the economic and political reality of the current recession is too big a fact of life to be obscured even by the Democrats' ineptitude.

There is a history of what happens to Republicans in recession years, and it does not make happy reading for the party.

There was a recession from July, 1953, to May, 1954. Unemployment — which often lingers several months after the economy turns around — peaked in September, 1954. In November Republicans lost one Senate seat, 18 House seats and nine governorships.

There was a recession from August, 1957, to April, 1958. Unemployment peaked in July, 1958, and four months later Republicans lost 13 Senate seats, 47 House seats and seven governorships.

There was a recession from April, 1960, to February, 1961, and unemployment peaked in the May-July period. In November, 1960, Republicans gained two Senate seats, 20 House seats and a governorship, but they lost the presidency.

There was a recession from December, 1969, to November, 1970. Unemployment peaked a month after the midterm election, in which Republicans lost nine House seats, gained five Senate seats, but lost 11 governorships.

Failures
There was a recession from November, 1973, to March, 1975. Unemployment peaked in May, 1975. In the 1974 and 1976 elections combined, Republicans lost three Senate seats, 44 House seats, seven governorships and the presidency.

The onset of the present recession was in the summer of 1981. Its terminus is uncertain, but most forecasts now would put the recovery in the summer of 1982. If unemployment again lags behind other economic measures in moving in the healthy direction, the jobless numbers may not start to improve until the fall of 1982.

That is a shaky base from which to be campaigning — especially for a party whose president had such quotable things to say about the opposition's economic failures.

If the holidays bring a wave of pink slips like the one Reagan gave his father receiving one Depression Christmas, then history suggests that there will inevitably be some unemployed Republican politicians next November.

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Ireland's Hard Men Don't Listen

By William Pfaff

DUBLIN — History collects its debts, even if it takes a long time to do so. Slavery and the slave trade are being paid for today in the desolation of the divided cities of the United States and Britain. Israel is stalked, driven to the unreasonable by the Palestinians. Armenians have been murdered by Turkish diplomats. And there is Ireland.

The struggle in the North of Ireland is really between native Irish and the descendants of Scottish and English settlers "planted" there in the early 17th century to work lands confiscated from the rebellious Irish. A conflict begun in feudal scuffles between the Irish clans and English lords

The Irish war with England is over. The English actually gave up quite a while ago.

was turned into a war of religion with the English Reformation, suppression of the Irish monasteries, and confiscation of lands in the 16th century.

The rebellions and suppressions which followed made a bleak history, all too well known, of Cromwellian repression; Irish revolts and support for James II, Catholic pretender to the English throne; unsuccessful alliance with France; the penal laws, the famine. In six years, between 1845 and 1851, Ireland lost a fifth of its population to starvation, disease or emigration. At the start of the 20th century the death rate in Dublin was 27.6 per thousand, higher than in Calcutta. In 1913, in Dublin, 21,000 families lived in single tenement rooms. The condition was officially conceded to be the worst in Europe.

But that was an affair of England's rule of the Irish, and the Irish war with England is over. The IRA won't admit it, and the word has not reached those Irish Americans who perpetuate their grandfathers' hatreds by buying guns to run to Ulster, thinking they are heroes. The English actually gave up quite a while ago, admittedly at the point of a gun and after the atrocities of the 1920s. The last link was broken in 1948, when Ireland left the Commonwealth.

Their colonists were left — Ireland's Protestant Boers, its white Rhodesians, its *pieds noirs*, its *colons*. It is these passionately Protestant descendants of the 17th-century colonizers who are the problem now, not the English. The English would be gone like a shot if it were not for the embarrassment of abandoning these people who for so long ruled the North on England's behalf.

Like the Boers in South Africa, the Rhodesian whites, the fourth-generation *colons* in Algeria, there really is no home they can go home to. While they came from abroad, it was four centuries ago; Ireland now is home. It has been their home since Oliver Cromwell and William of Orange. They fought to make it home and to make a Protestant and British Ireland. But they are no longer very popular among the British.

This is the frightening truth which the Protes-

tant of the North are being forced to confront. They ungenerously ruled the Catholic minority in the North before the civil rights struggle in 1968: the communal struggle is a class struggle as well. They have wrecked every attempt since then at power-sharing and reconciliation. They have made themselves the prisoners of their own extremists and of the Provisional IRA as well.

They demand that the British impose order and suppress the IRA. But modern history sadly shows that no one can satisfactorily suppress an armed minority with a claim on the emotions of its community. Least of all an armed minority in love with exemplary death. For the IRA, death is glorious, a vindication. Its past victories have not come from its enemies' deaths but from its own. The IRA has tradition to follow. The National Museum in Dublin displays the mementos of Roger Casement (hanged 1916), or Patrick Pearse and the others executed after the Easter Rising — his pitiful .25-caliber automatic, the uniform worn by the beautiful Countess Markiewicz, her Masner machine-pistol.

Reasonable men have broken their hearts looking for a reasonable solution. There are plenty of people in the North who would like to be reasonable. Some of them were in Dublin last month to talk with the Irish authorities, among them William Craig, a militant Ulster Loyalist. Today the Protestant community in the North may be more willing to compromise than the Catholic. *The New*

As the climate grows colder for the Protestants, civil war is a possibility.

Ian Paisley is not representative. But it is late. The hard men are torpedoes compromised.

The republic, under both the former premier, Charles Haughey, and the present one, Garret FitzGerald, has tried to be reasonable, assuring the Protestants of a protected position in a united Ireland, conceding and trying to suppress the Provisionals and to secure the border. The two governments have been meeting regularly with the British authorities. An Anglo-Irish Council has been created and an all-Ireland court is discussed for terrorists' crimes. There are schemes about for a federal Ireland with regional autonomy in the North, and a proposal for a "British Isles solution" that would put the two countries back together again in some as-yet-vague way.

The hard men are not interested. The climate grows colder for the Protestants, and the influence of their paramilitaries has recently increased. Civil war is a possibility, certainly if the British withdraw. A new partition would re-draw the dimensions of the problem and give the IRA reason to start over again in the new "Ulster." A federal scheme makes sense, but will anyone listen to sense? In the end history collects, and in Ireland it will be the Protestants who pay.

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Presidential Failures Can Invite a Third Party

By Kenneth Reich

LOS ANGELES — The Reagan administration is in the doldrums. Its economic policies have not worked out as the president and his aides said they would. Like the Carter administration, it is afflicted with White House staff embarrassments. It is finding that its capacity to resolve foreign policy problems — in the Middle East, Central America and Europe — is less than it had hoped.

Even in Republican circles there is discontent. Last month, Richard A. Snelling, the Republican governor of Vermont, called the Reagan domestic policy "a sham and a shame." And during a recent debate in Southern California, all the Republican U.S. Senate candidates were willing to criticize the administration in one way or another, and the Republican crowd appeared receptive.

It is certainly too early to say, but the possibility is beginning to occur to people that this administration could fall on its face just as the last one did. Looking to the future, the leading contenders for the Democratic presidential nomination in 1984, Sen. Edward M. Kennedy and former Vice President Walter F. Mondale, are already traveling the country.

But are the voters' memories that short? If Reagan does fail, will the electorate necessarily turn back to the liberals, discredited in the eyes of so many just a year ago? Or could American politics veer in new directions in an effort to break what is now a 20-year cycle of less than two-term presidencies and often ineffective, ineffective government?

The one truly successful new national political party to arise in the

last 125 years, the Republican Party, grew out of a similar period of political stagnation. In the 1840s and 1850s, during which one ineffective president rapidly succeeded another and the drift toward civil war accelerated. When Abraham Lincoln was elected in 1860, with a plurality of 39 percent of the vote, he won because he and his new party represented a decisive, fresh point of view.

Is the United States again ripe for a new party? Some, pointing to the disappointing independent candidacy of John Anderson in the 1980 election, would say no. But perhaps the Anderson experience reflects ineffective methods rather than the wrong idea.

The Anderson effort was hastily organized. Months of valuable time were lost trying to get on the 50 state ballots, and most available funds went to the ballot effort rather than for the late summer advertising needed to build a base for a successful autumn drive.

Anderson continues to mull over the possibility of another effort in 1984. Last February he declared that in nine months, if he decided to go ahead, he would call a convention to form a new party. This month, nine months having passed, he said in an interview that he would delay the decision another several months because it is not yet clear that Reagan will fail.

It is doubtful, based on his 1980 performance, that Anderson is the man to lead such a party, but the idea of organizing well in advance of the 1984 elections, and going to the country as a political party rather than as independent candi-

dates, is probably a good one. The

Republican Party, founded in 1854, was able to field a substantial candidacy under John C. Fremont in the 1856 elections, and four years later, of course, it won.

Clearly the idea of a third party has potential. Politicians are thinking about it. Not long ago, at a meeting of young Democrats in Los Angeles, Sen. Christopher Dodd of Connecticut warned that another strong independent candidacy could well arise in 1984.

In Britain, where frustration with the two leading parties is also running high, the leftward drift of the Labor Party and the ineffectiveness of Prime Minister Margaret Thatcher's Conservative government have given rise in recent months to the Social Democrats, who, in a centrist coalition with the Liberals, are proposing a more realistic approach to the country's chronic economic and other prob-

lems. The new party has had initial successes in by-elections.

There is not as yet in the United States a drift to the far right or the far left to provide the incentive for defections toward a centrist coalition. But certainly a greater realism, a no-nonsense approach to the nation's problems might be a taking-off point for a new political movement.

If a strong third party is not in prospect, after all, then one possibility of change may be the emergence of new presidential candidates in the Democratic Party.

But having seen the nomination of two virtual unknowns — George McGovern in 1972 and Carter in 1976 — and the end results of those successes, the elders of the party seem about to change the nominating system to diminish the chances of such sudden prominence. Including many more office holders as convention delegates, for example, and taking other steps to lead the way back to



brokered conventions, would probably benefit one of the front-runners, Kennedy or Mondale, rather than untied candidates.

Clearly, many people in the United States are frustrated with the apparent inability of government to solve problems. Perhaps, over the next few years, that disillusionment will fuel effective changes in ways that cannot be easily imagined now.

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Farmers and townspeople in Mud Lake, Idaho, herding rabbits for slaughter.

Farmers' Effort to Kill Rabbits Turns Chaotic in U.S.

Los Angeles Times Service

MUD LAKE, Idaho — An attempt to eradicate thousands of jackrabbits that have been plaguing farmers near this eastern Idaho town turned into a melee that left dozens of the animals stunned or injured before they were finally killed.

The idea was for farmers and townspeople to drive the animals into a pen. There the rabbits were to be killed quickly and the meat put into cold storage by a Nigerian entrepreneur who hopes to sell it in his country.

But at about 10 a.m. Saturday, as hundreds of rabbits were heading into the pen, some of them changed direction and tried to escape. They ran into a line of people armed with ax handles, base-

ball bats and table legs. Chaotic killing began amid war whoops and the buzz of trail bikes.

The people then moved on toward the pen, leaving the maimed rabbits behind them. A few men tried to finish off the wounded animals before continuing the drive.

About 1,000 rabbits finally entered the pen, which turned out to be too small for the job, and many animals piled up in a corner. In all, about 1,500 rabbits were killed — the organizers had hoped to kill up to 15,000.

The Idaho Humane Society had tried to block the drive but eventually agreed to allow it if the rabbits would be killed by stunning them with a blow to the back of the head and then cutting their throat. Those rabbits in the pen were killed by the society's preferred method.

Wide Effect Seen in UAW Move on Reopening Contracts

By William Serrin

New York Times Service

NEW YORK — The reluctant decision of the executive board of the United Auto Workers to allow union bargaining councils to reopen contracts is a move of major importance, not only for U.S. automobile workers but also for many other wage earners, particularly industrial workers.

For decades American wage and benefit scales, particularly those among industrial workers, have been linked to the automobile industry's wages and benefits. They have risen when the autoworkers were able to extract relatively high wages and benefits from what had been a highly profitable industry.

Now there is a widespread belief among economists and businessmen that the wages of automobile workers are too high. That belief is surely not shared by industrial workers, who bear the brunt of inflation.

councils to reopen contracts with the automobile manufacturers, a move that could result in a loss of wages and benefits for 1.2 million union members.

Jerome M. Rosow, a former assistant secretary of labor who is president of the Work in America Institute, a private research organization, said the country is faced not only with preserving an industry, but preserving an economy.

He added that the union's decision demonstrated a new sense of accommodation that had developed in the United States in the last five years or so between management and labor.

Some people familiar with the situation took another view.

A professor of labor management, who asked not to be quoted by name for fear of damaging his relationships with the labor movement, said that after taking what he called an essentially moderate approach to business for many years, the autoworkers, facing heavy layoffs and the threat of additional losses, could do nothing but agree to reopen contracts.

NEWS ANALYSIS

zation, said the decision demonstrated the high degree of responsibility that he described as characteristic of the autoworkers' union.

"The union is sympathetic to the problems of the industry," he said. "We have built an economy around the automobile. The UAW is demonstrating that it under-

Workers at Du Pont Reject Bid by Union

New York Times Service

BALTIMORE — The United Steelworkers of America has been beaten overwhelmingly in its second major effort to organize workers predominantly in the South.

The union, which won a similar effort last year, failed in a drive to organize thousands of employees of E.I. du Pont de Nemours & Co., the largest chemical manufacturer in the United States.

Returns tabulated here by the regional office of the National Labor Relations Board showed that 11,500 employees at 14 Du Pont plants rejected steelworker representation by large margins.

Under a labor board ruling sought by Du Pont, employees at each of the 14 plants, from Tennessee to New Jersey, voted on the question of steelworker representation only at their own locations.

Union lawyers previously failed in an attempt to have the returns totaled, which would have given the steelworkers a chance to organize all of the affected plants, or none.

But as the returns from the weeklong voting were reported, after workers at the last Du Pont plant completed balloting Friday, the company's procedural advantage appeared to have made little difference.

Carl DeMarino, vice president for employee relations at Du Pont, said in a statement that the company was "delighted" and viewed the results as "a vote of confidence in our treatment of employees." He said the company "recognizes the obligation that this entails."

The steelworkers had no immediate comment.

The setback for the 1.2-million-member steelworkers' union, the most successful organizer in the AFL-CIO, followed a victory in March of last year at the huge Newport News Shipyard and Dry

Dock Co., with 15,000 workers the largest corporate employer in Virginia. That triumph was viewed as an omen for Du Pont, and was widely hailed as the first breakthrough by a major industrial union in the traditionally anti-union South.

Du Pont, with 66,000 hourly workers, is the second biggest largely nonunion employer, after the International Business Machines Corp.

The steelworkers had promised to bargain for a cost-of-living escalator clause — a common industrial union provision that Du Pont has never had to grant — and emphasized the disparities in Du Pont wage rates, which the union said are generally lower in the South.

Protestants End Ulster Jail Protest

BELFAST — Protestant prisoners called off a rooftop protest and released four prison officers they were holding hostage after the British government reportedly agreed to review conditions at a Belfast jail.

About 10 prisoners came down Saturday after huddling under blankets for two nights in freezing temperatures on the roof of Crumlin Road Jail. They had demanded an inquiry into jail conditions, more recreation time and segregation from Irish republican guerrillas. Such segregation is in force for inmates who have been sentenced but not among those awaiting trial.

The protest ended after two Protestant members of Parliament told the prisoners from the street that a government official had promised that jail conditions would be reviewed.

Transit Systems See Problems if U.S. Aid Cut

By Ernest Holsendolph

New York Times Service

WASHINGTON — The American Public Transit Association, the leading mass transit trade organization here, says a survey of its members shows that local bus and train systems will have difficulty weathering the Reagan administration's plan to suspend U.S. government operating subsidies by 1985 and that 28 of the systems could be forced to end service.

Representatives of nearly all those communities said they would have difficulty raising fares and keeping enough passengers to maintain service.

Of 300 members surveyed, 116 responded, the association said. Although pressures will be great to raise fares, reduce service and find additional sources of revenue, the transit operators reported, small- to medium-size communities will be especially hard-hit, partly because they have marginal systems with many poor and elderly customers who will be unable to afford higher fares.

For example, Charlotte, N.C.; Huntington, W. Va.; St. Joseph, Mo.; and Moorehead, Miss., were among the 28 communities whose transit officials said they feared that service will have to be suspended if they did not get federal funds. Some of the other cities on the list were Kalamazoo, Mich.; Harrisburg, Pa.; El Paso, Texas; Stockton, Calif.; Little Rock, Ark.; and Chattanooga, Tenn.

Metropolitan Transit Authority in New York City or Chicago's Regional Transit Authority do not contemplate halting operations, partly because their size gives them greater flexibility in increasing fares.

"Another significant factor is that the smaller urbanized areas rely more heavily on federal operating assistance than a larger transit system and would have a larger gap to fill with increased fares," the association said.

Local transit officials say a major reason for their bleak outlook is the expectation that necessary fare increases will cause reductions in ridership, which in turn will produce a need for further fare increases.

Seventy-seven percent of the officials said they would seek more state and local assistance, but pointed out that their requests will be coming at a time when other local social programs also need aid to make up for lost federal funds.

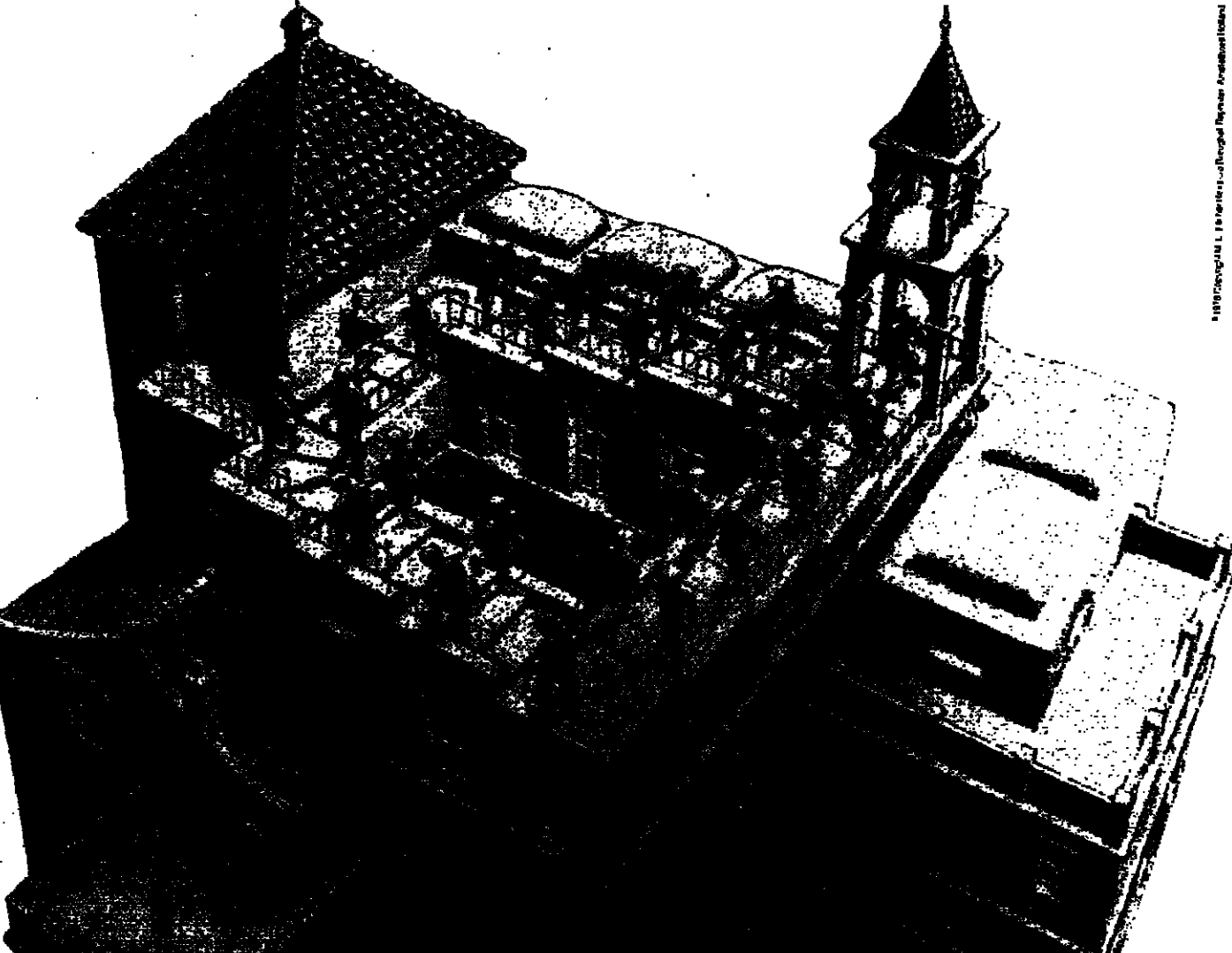
The officials listed several other possible sources of revenue, including increased student fares, new or increased property and gasoline taxes, capital gains taxes, state or regional revenue-sharing arrangements and utility surcharges.

Italian City Sealed Off In Mass Labor Protests

The Associated Press

BRINDISI, Italy — Workers protesting 2,500 layoffs by Montedison, Italy's largest chemical concern, closed access to this southern city by occupying its airport, sealing off its main train station and blocking major highways.

Police said the occupations began Friday and ended Saturday afternoon. But trains were still not running because of a nationwide strike by railroad workers, who walked out over a contract dispute.



SOMETIMES EVERYTHING'S NOT WHAT IT SEEMS...

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Look at it another way.

Arafat Declares Fahd Mideast Plan Remains a 'Good Basis' for Peace

By Karen DeYoung and Loren Jenkins

Washington Post Service
BEIRUT — Palestine Liberation Organization Chairman Yasser Arafat, brushing aside criticism from within his own ranks over his backing of a Saudi Arabian Middle East peace initiative, asserts that the plan remains "a good basis for a comprehensive and lasting peace in the area."

Although Mr. Arafat called the breakdown of last month's Arab summit over the plan a "loss" for the PLO, he said that the Saudi Arabian initiative is still alive and will be reconsidered when Arab leaders agree to resume the suspended summit.

"That will need some more months" to be arranged, Mr. Arafat said in an interview Friday, his first with the Western press since the abortive Arab meeting in Fez, Morocco.

The summit broke down partly over disagreement on one of the eight points of the Saudi Arabian proposal: the implied acceptance of Israel's right to exist. Such acceptance is rejected outright by Arab radicals, and even moderates disagree on whether the key bargaining card for the establishment of a Palestinian state should be offered prior to negotiations with Israel.

But while Mr. Arafat himself is said to have opposed including this "point seven" in the Saudi Arabian initiative, he again implied on Friday that it is a principle he is prepared eventually to accept.

"I accept international legality and United Nations resolutions," he said. "Who is against international legality? Israel is the only state created by a UN resolution,

and now they refuse every UN resolution."

Although he would not expand on his remarks, Mr. Arafat emphasized that he was referring to all UN resolutions — presumably both the original UN partition of Palestine in 1947 and Resolution 242, which in 1967 called for Israel's withdrawal from Arab territories occupied during the 1967 war and international acceptance of the sovereignty of all states in the area.

Point seven of Saudi Crown Prince Fahd's initiative merely reformulated that latter principle of Resolution 242. The PLO consistently has rejected Resolution 242 because it does not mention the Palestinian people as such, much less the establishment of their own national state.

Discussion With Fahd

Asked if his acceptance of UN resolutions was binding on PLO radicals, Mr. Arafat, indicating that divisions on the issue remain, noted that the organization is a democracy but said, "I am the chairman of the PLO. I was elected by everyone on a platform that has been approved by everyone."

Although he denied hints from other Arab sources that he had a direct role in composing the Saudi Arabian peace plan, Mr. Arafat said that he had discussed it before the conference with Prince Fahd and Saudi King Khalid and that he had "the right to make some remarks here and there."

At Friday's midnight interview in one of his many offices in the well-guarded Palestinian sector of West Beirut, the PLO chairman was relaxed and clearly in good spirits. Speaking in English, he jokingly dismissed both European and U.S. initiatives in the Middle East.

Referring to the European Economic Community declaration in Venice last year that supported the establishment of a Palestinian state and urged PLO participation in future Middle East negotiations, Mr. Arafat said, "I am pragmatic, dealing with facts. I know that the Venice declaration was only a political statement and nothing more. I was not expecting more from Europe."

By some interpretations, President Reagan's pre-Fez summit comments that at least point seven of the Saudi Arabian plan was a

New Head of BBC Named

LONDON — Alasdair Milne, 51, chief of television, will succeed Sir Ian Trethowan, 59, who is retiring as British Broadcasting Corp. director general on Aug. 1, the BBC announced.

step toward peace were viewed as U.S. conciliation toward the Arabs. But Mr. Arafat said he found U.S. policy totally negative.

"The American administration is not looking for a solution," he said. "How can you imagine that this stupid military junta [in Israel] will accept any peaceful solution while the U.S. administration gives them unlimited financial, military, economic and diplomatic support?"

'Spoiled Baby'

Describing Israel as the "naughty, spoiled baby" of the United States, Mr. Arafat pointed to what he called "arrogance" on the part of Israeli Prime Minister Menachem Begin, seen in a series of Israeli "insults" to the United States "from the moment Reagan came into power."

Mr. Arafat said that he remains willing to talk to U.S. officials, but said he has no hope for the possibility of a change in U.S. policy.

Mr. Arafat said that although the Reagan administration still "has many Sadats" in the region, it should not count on its close relationship with Saudi Arabia to provide a moderating conduit to either the PLO or other Arab states as long as it persisted in "ignoring facts and realities [and] supporting the Israelis."

"It seems you have not learned from history," he said, his voice rising. "What happened in Egypt? What happened in Iran? Who killed Sadat? Who killed Sadat?"

Habib Says Tensions in Lebanon Have Eased

By Lee Lescaze

Washington Post Service
WASHINGTON — President Reagan's special envoy on the Lebanon crisis reports that the situation has cooled as a result of the four-and-a-half-month cease-fire there.

Philip C. Habib, who just returned from the Middle East, said Friday that there continued to be a risk that the Lebanese tensions would grow into a major confrontation but that every party to the dispute had expressed interest in maintaining the cease-fire, which Mr. Habib helped arrange July 24.

"I found during my visit, and I so told the president, a general desirability that Lebanon should not be the center of either military or political upheaval that would create problems throughout the region," Mr. Habib told reporters as

Americans Asked to Ignore 'Unfair' Portrayal of Libya

By David B. Ottaway

Washington Post Service

ABU DHABI — Oil Minister Abd al-Salam Zagar of Libya said Sunday that Libya planned to take its case directly to the American people through news organizations to show that the Reagan administration was "unfair" in portraying it as a terrorist nation.

"We do believe the American people have the right to listen to every opinion," the Libyan official said. He challenged the administration to bring before the public its evidence of an alleged Libyan plot to assassinate President Reagan.

"It's a very dangerous thing to say a country sent some people to kill a president without having the evidence," he said at a news conference after a meeting of the Organization of Petroleum Exporting Countries. "The international opinion didn't see it. I did not see it. They didn't show it."

Mr. Zagar said that if U.S. officials had caught individuals who planned to kill Mr. Reagan, Libya had nothing to do with it.

"The American people might kill President Reagan, and some of them tried it without Libya," he said. "Did Libya conspire in 1963 to kill President Kennedy? It did not. If someone is nuts and wants to kill the president, they can do it in the United States. No problems."

Mr. Zagar emphasized repeatedly that Libya had no quarrel with the American people, who he said had believed in the principles of freedom since the time of "the freedom fight-

ers" of the American independence struggle against the British and since the time of President Lincoln.

The Libyan oil minister was clearly angry at the lack of support shown for Libya by OPEC. Libya asked the organization Saturday to adopt a plan of joint action against the United States in retaliation for the administration's recall of American oil-company employees working in the North African country.

He blamed the Saudi Oil Minister, Sheikh Ahmed Zaki Yamani, for the OPEC refusal to take Libya's side and said the organization had supported Iraq, Algeria and Libya in earlier disputes with Western oil companies.

Mr. Zagar said "we in Libya are being persecuted by a superpower and it was the national duty of our Arab brothers" to support us.

"But our Saudi brother, Sheikh Yamani, stood against us," Mr. Zagar said. "I'm very sorry to have to say that."

He said Libya was prepared to fight like a "cornered cat" against the United States and had already received private assurances of assistance from other countries, including those in the Eastern bloc, to keep the Libyan oil fields running. He also indicated Libya intended to rely primarily on its own efforts and experts to run any oil field abandoned by American companies.

[The official Libyan press agency JANA, in a statement sent to Reuters in London, said Libya saw no reason for distribu-



Abd al-Salam Zagar

ing what it described as the good relations prevailing between itself and 1,500 Americans on its territory.]

Kuwait Criticizes U.S.

KUWAIT (AP) — Kuwait criticized the United States Sunday for what it described as an "unjustified and unprecedented escalation against Libya" and offered to come to Libya's aid in dealing with the situation, a government spokesman said.

Abdel Aziz Hussein, the minister of state for Cabinet affairs, said the Kuwait Cabinet met Sunday and discussed "the latest developments in American-Libyan relations and regretted the unjustified and unprecedented escalation against Libya in the economic and oil fields."

Official Says Angola, U.S. May Resume Ties

By Barbara Crossette

New York Times Service

WASHINGTON — The United States and Angola are moving closer to normalizing relations, according to State Department officials and the Angolan government.

A senior State Department official said last week that Washington was optimistic that a negotiated settlement could end Angola's civil strife and lead to the withdrawal of Cuban troops from the African nation, possibly within a year.

The presence of the Cubans in Angola has been a major irritant to Washington, which has never recognized the six-year-old Luanda government. However, American businesses, particularly oil companies such as Gulf, Texaco, Mobil and Cities Service, have agreements with Luanda and contribute substantially to the Angolan economy.

Last Thursday, Angolan President José Eduardo dos Santos offered to open talks with Washington on the normalization of diplomatic relations.

The State Department official said the administration believed a settlement in neighboring South-West Africa (Namibia) would lead to a wider peace in southern Africa. South Africa has continued to rule the territory in defiance of the United Nations.

Armed Rebellion

The official's assessment followed a visit to Washington by Jonas M. Savimbi, who has been leading an armed rebellion against the Marxist Angolan government for six years.

According to the official's assessment, creation of a peaceful border area between Namibia and Angola, into which South Africa has made incursions in pursuit of Namibian guerrillas, would reduce the need in Luanda's eyes for Cuban troops. Angola would then be in a position to arrange an accommodation with Mr. Savimbi, a necessary step, Washington now appears to believe, toward the withdrawal of the 15,000 to 20,000 Cuban troops in Angola.

The official indicated that in the process, the United States might move to recognize the Marxist government in Luanda. He said that talks had been taking place with Angolan officials at the United Nations and elsewhere.

The official's comments implied that the United States did not consider Mr. Savimbi an alternative to the government of the Popular Movement for the Liberation of Angola now in power. The State Department refers to Mr. Savimbi's opposition organization only as a legitimate political force that cannot be ignored in discussions on Angola's future.

Mr. Savimbi, who has been in the United States since the beginning of this month on a private visit, has met with Secretary of State Alexander M. Haig Jr., Walter J. Stoessel Jr., undersecretary of state for political affairs, and Chester A. Crocker, assistant secretary of state for African affairs.

The rebel leader, who heads the National Union for the Total Independence of Angola (UNITA), was supported militarily by the United States until 1976, when Congress barred U.S. aid to any of the Angolan factions.

Mr. Savimbi said he was in Washington only to discuss the Cuban troops in Angola and how they could be removed. He said he was not seeking aid.

Aid Ban Remains

In the House on Wednesday, a Republican proposal to repeal the ban on aid was withdrawn after it appeared that liberal members of Congress would defeat the administration's foreign aid bill if it contained the repeal measure.

The administration has said that it does not want to resume military aid to Mr. Savimbi's forces but does want the flexibility of having that choice to make. The administration wants to ensure that Mr. Savimbi will not interfere with the normalization of relations with Angola.

Portugal granted Angola independence in November, 1975. It was not until early 1976 that the Popular Movement for the Liberation of Angola under Agostinho Neto won the civil war among three guerrilla organizations fashioned largely along tribal lines.

They won with the aid of Cuban troops who have remained in Angola since, helping keep the Popular Movement in power, first under Mr. Neto and then, after his death in 1979, under Mr. dos Santos.

Angola Demotes Security Minister

Reverses

LUANDA, Angola — Security Minister Kundi Paizama has been demoted to a provincial job in a move that foreign diplomats linked to the bomb attack on Angola's only oil refinery on Nov. 30.

A presidential decree over the weekend announcing a minor government shuffle gave no reason, but Western diplomats said Mr. Paizama was suspended after a sabotage squad, alleged by Angola to be South African, blew up part of the refinery on Luanda's outskirts.

The diplomats said Mr. Paizama had been accused of negligence by officials of the ruling party but was spared public disgrace because of his position.

Sindona Indicted In Sicilian Probe

The Associated Press

PALERMO, Sicily — Prosecutors investigating suspected Mafia involvement in heroin traffic through Sicily have indicted financier Michele Sindona on charges of "illegally exporting currency and falsifying documents."

Mr. Sindona, serving a 25-year sentence in New York for fraud, is suspected of having laundered money received by the Mafia from the sale of drugs to dealers in the United States, prosecutors said.

Prosecutors also indicted 47 persons Friday on charges of association for criminal purposes, a catchall charge used against suspected terrorists and members of organized crime. Thirty of the 47 were also charged with drug trafficking.

WHITE HORSE
THE SCOTCH THAT'S ALWAYS WELCOME

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Algeria, ex-P. ocean (air)	\$ 230.00	115.00	63.00	Hong Kong (air)	\$ 248.00	124.00	69.00	Polynesia, French (air)	\$ 248.00	124.00	69.00
Africa, others (air)	\$ 330.00	165.00	92.00	India (air)	\$ 248.00	124.00	69.00	Portugal (air)	Esc. 7,200.00	3,600.00	1,800.00
Algeria (sea)	\$ 230.00	115.00	63.00	Indonesia (air)	\$ 230.00	115.00	63.00	Russia (air)	\$ 230.00	115.00	63.00
Austria	Sch. 2,700.00	1,350.00	736.00	Ireland (air)	\$ 72.00	36.00	19.80	Saudi Arabia (air)	\$ 248.00	124.00	69.00
Belgium	B.F. 5,400.00	2,700.00	1,500.00	Israel (air)	\$ 248.00	124.00	69.00	South America (air)	\$ 230.00	115.00	63.00
Bulgaria (air)	\$ 230.00	115.00	63.00	Italy	Lira 144,000.00	72,000.00	39,600.00	Spain (air)	Ptas. 12,600.00	6,300.00	3,530.00
Canada	\$ 330.00	165.00	92.00	Japan (air)	\$ 330.00	165.00	92.00	Sweden (air)	S.Fr. 810.00	405.00	225.00
Ceylon (air)	\$ 230.00	115.00	63.00	Lebanon (air)	\$ 248.00	124.00	69.00	Switzerland	S.Fr. 328.00	164.00	90.00
Czechoslovakia (air)	\$ 230.00	115.00	63.00	Libya (air)	\$ 248.00	124.00	69.00	Taiwan (air)	\$ 230.00	115.00	63.00
Denmark (air)	D.Kr. 990.00	495.00	270.00	Luxembourg	L.Fr. 5,400.00	2,700.00	1,500.00	Taiwan (air)	\$ 230.00	115.00	63.00
Egypt (air)	\$ 248.00	124.00	69.00	Malaysia (air)	\$ 230.00	115.00	63.00	Thailand (air)	\$ 230.00	115.00	63.00
Ethiopia (air)	\$ 330.00	165.00	92.00	Malta (air)	\$ 230.00	115.00	63.00	U.A.E. (air)	\$ 230.00	115.00	63.00
Finland (air)	F.M. 810.00	405.00	225.00	Mexico (air)	\$ 330.00	165.00	92.00	U.S.S.R. (air)	\$ 230.00	115.00	63.00
France	F.F. 720.00	360.00	198.00	Morocco (air)	\$ 200.00	100.00	63.00	U.S.A. (air)	\$ 230.00	115.00	63.00
Germany	D.M. 360.00	180.00	100.00	Netherlands	Fl. 406.00	203.00	112.00	Yugoslavia (air)	\$ 230.00	115.00	63.00
Great Britain	St. 54.00	27.00	15.00	Norway (air)	N.Kr. 810.00	405.00	225.00	Zaire (air)	\$ 230.00	115.00	63.00

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Ex-Soldiers in China Said to Have Rioted

By Michael Weisskopf

PEKING — More than 3,000 disgruntled former soldiers staged a violent uprising in southern China last July, seizing local Communist officials, ransacking government offices and beating up police, according to a usually reliable Hong Kong magazine.

Zheng Ming, a leftist journal with good mainland Chinese contacts, reported that at least 30 persons were injured, and a small town was thrown into chaos, with shops and factories shut for three days before the soldiers were repulsed. The group called itself the "Disillusioned Brigade," the magazine said.

The magazine said in its December editions that the recently demobilized army men resorted to violence after they returned to their villages and were unable to find jobs, were spurned by local girls and felt victimized by new national policies that seem to reward those who remain on the farm and avoid military service.

Article Called 'Fabrication'
A Foreign Ministry spokesman, asked to respond to the article, branded it "a sheer fabrication" and declined further comment.

The incident, said to have coincided with the anniversary of the Chinese Communist Party on July 1, is the largest reported case of civil disorder since contending political factions fought throughout China during the theory Cultural Revolution of the 1960s and 1970s. Diplomatic sources in Peking were unable to confirm the incident disclosed by Zheng Ming, but they said they have heard reports of other, smaller disturbances inspired by disaffected former soldiers demobilized by the army.

Although an army career once assured a fast route to power, prestige and privilege in China, military life has lost its luster since the pragmatic leaders now running the nation have slashed the military budget to beef up civilian sector spending.

The past two years of deep budget cuts have forced the four-million-man army to demobilize an estimated 400,000 troops, mostly from the rural rear guards. The cashiered soldiers return to their villages with little hope of a secure job in China's currently depressed economy.

Corsica Hit by Forest Fires

BASTIA, Corsica — About 7,400 acres (3,000 hectares) of forests in northern Corsica were destroyed by fires driven by winds up to 80 mph (130 kilometers per hour), officials said. Jean Semic, the regional prefect, charged that some of the fires were set deliberately when the winds were at their strongest.

Zheng Ming emphasized the frustration of demobilized army men in describing the background of the July revolt in Meiliu, a poor coastal town of 40,000 in Guangdong province less than 300 miles west of Hong Kong.

With a mixed sense of desperation and depression, 6,000 former soldiers from the surrounding area banded together in 1980 to organize petition campaigns in the hope of persuading the government to give them jobs, according to the magazine.

When their lobbying failed, said Zheng Ming, the former soldiers formed the Disillusioned Brigade and drew up a plan named "Operation Dagger" that included an armed uprising among its options.

Freed From Detention

Finally, on July 1, more than 3,000 members of the Disillusioned Brigade stormed Meiliu, smashing file cabinets in government offices.

Breaking into an anniversary celebration, the rebels "kidnapped" the local party secretary and top governing official. When police tried to repress the attack, the brigade fought back and wounded more than 30 policemen, according to Zheng Ming.

On July 2 and 3, the former soldiers forced their way into the county's detention center and freed five of their colleagues who had been held by authorities, according to the article.

"The whole town was in a mess" with factories and shops closed and the "whole west part of the province shocked by the incident," the magazine reported.

After three days of disorder, said the article, the provincial party committee mobilized a large enough force to put down the brigade, forcing the former soldiers to retreat.

The brigade leaders surrendered after a prefectural official issued a radio broadcast labeling the incident "counterrevolutionary," a serious crime, and ordered the rebels to give themselves up.

The article failed to describe how the attackers were armed or how many provincial forces were required to quell the uprising. Details of the alleged kidnappings, ransacking and clashes also were not given in the article.

The magazine said it learned of the incident when its reporter visited Meiliu recently and discovered several street posters announcing that 27 leaders of the brigade had surrendered to police.

At the end of its report, Zheng Ming said that the brigade did not get popular support but that it "exposed the shortcomings of the Chinese Communist Party's demobilization policy. If the Chinese Communists do not correct such a policy, it seems similar incidents will take place," the article said.



NEW STEP IN SEARCH — Zheng Lianqun, a 34-year-old Chinese bricklayer who fled to Hong Kong in May, is checked through U.S. Customs after his arrival in San Francisco. Mr. Zheng was granted a visa by the authorities on humanitarian grounds so that he could search for the man he says was his father, a U.S. Marine stationed in China after World War II.

China's Premier Takes Spotlight In New Emphasis on the Economy

Washington Post Service

PEKING — China's parliament concluded its annual session on Sunday, endorsing what it called a more realistic strategy for developing the nation's economy.

The two-week session may well be remembered for its hard focus on economic issues but even more for the emergence of Premier Zhao Ziyang as the dominant figure in fiscal planning and administration.

Mr. Zhao, 63, the pragmatic Communist who became premier last year, clearly left his imprint on the National People's Congress with his unorthodox emphasis on a consumer-oriented mixed economy, gradual economic growth and foreign investment and his slashing attack on the nation's bureaucracy.

Mr. Zhao apparently captivated the 2,200 delegates with a state-of-the-nation speech delivered in the first two days of the congress, which serves as a forum to review national policies set by the ruling Communist Party.

National Hero
For the past week, Mr. Zhao, who has been known as an able but colorless technocrat, has been treated like a national hero, first by individual delegates who praised him and on Sunday by the whole congress, which declared that his report "is guided by the

principle of seeking truth from facts.

The congress praised Mr. Zhao for a report that "affirms achievements and pinpoints existing problems."

The most serious problem cited by Mr. Zhao is an unresponsive, corrupt and inefficient bureaucracy, which he blamed for undermining economic reforms and retarding the nation's development.

Pet Project

Mr. Zhao vowed to bridle the bureaucracy of 20 million workers in a major government reorganization, with elimination of some organizations, the merging of others and, overall, a "maximum reduction of staff."

Trimming the bureaucracy has been a pet project of China's leaders ever since the ascendance of Mr. Zhao's mentor and the nation's main leader, Communist Party Deputy Chairman Deng Xiaoping, who was quoted in last month's theoretical journal Red Flag as threatening purges of corrupt and lax officials.

The economy itself, Mr. Zhao told the delegates, is much healthier than expected when he took over as premier last September. The gaping budget deficit will narrow from \$7.5 billion last year to \$1.5 billion in 1981, he said.

Despite a generally upbeat re-

port, he said that the nation's economic austerity program, known as readjustment, would continue for another five years to create the necessary foundation for rapid growth in the future.

Originally scheduled for three years beginning in 1979, readjustment is chiefly known for slashing capital construction — from \$32 billion in 1980 to \$22 in 1981 — and shifting priority from heavy industry to agriculture and light industry to improve consumer welfare and raise living standards.

Living Standards

This year, said Mr. Zhao, living standards have risen, savings deposits jumped 18 percent and agricultural output is expected to be the second largest in China's history, approaching the 1979 record of 332 million tons.

Problems remained, however, including a shortfall in new jobs created. Urban unemployment is expected to reach 7 per cent this year.

Contention from those fighting for higher growth rates, greater emphasis on heavy industry and less emphasis on the individual in industrial and agricultural decision-making was carefully obscured in the stage-managed reports from the Great Hall of the People, where the congress met.

—MICHAEL WEISSKOPF

Edgar F. Kaiser Dies; American Industrialist

New York Times Service

NEW YORK — Edgar F. Kaiser, 73, who took the reins of the industrial company founded by his father, Henry J. Kaiser, and directed the empire toward international expansion, died Friday in San Francisco.

The Kaiser Foundation medical care program, the largest private, prepaid medical plan in the country, grew from an innovative health care program Mr. Kaiser designed in the 1930s for laborers and their families working on the Bonneville Dam project.

Edgar Forburgh Kaiser was born in Spokane, Wash., on July 29, 1908. By the time he was 12, he was working in the summer on construction projects as a water boy, a messenger and a clerk. In 1930, one semester short of graduation from the University of California, he quit college with his father's blessing and headed for Texas, where he had been offered work as a pipeline construction superintendent.

When the pipeline was completed, he joined the construction team building Boulder Dam (later the Hoover Dam) in Nevada, one of his father's projects. He later was administrative manager of the main spillway on the Bonneville Dam on the Columbia River, between Washington and Oregon.

OBITUARIES

During World War II, Mr. Kaiser was vice president and general manager of the company's shipbuilding program in the Pacific Northwest. After the war he ran the Kaiser Motors Corp. in Michigan.

In 1954, Edgar Kaiser returned to California to take over the Kaiser empire. He became president of the Kaiser Industries Corp. in 1956, but his father remained active in the decision-making of the vast Kaiser holdings until his death in 1967.

During his father's prominent career, Edgar Kaiser's skills and drive often went unnoticed. But in 1959 he was named chairman of the board of the Kaiser Steel Corp., and he broke ranks with the other major steel producers that year by agreeing to a settlement with the striking United Steelworkers.

In 1969 Mr. Kaiser was awarded the Presidential Medal of Freedom for his efforts to expand the amount of low- and moderate-income housing.

At the time of his death Mr. Kaiser was chairman emeritus and honorary director of the Kaiser Aluminum and Chemical Corp., the Kaiser Cement and Gypsum Corp. and the Kaiser Steel Corp. He was vice chairman and trustee of the Kaiser Foundation Health Plan and Kaiser Foundation Hospitals.

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International Bond Prices - Week of Dec. 10

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Table of recent bond issues with columns for Amt, Security, Str/Conv, Issue Pr., Mid Pr., Yield, % Mat, Mtd Price, Mtd Lme, and Yield.

STRAIGHT BONDS All Currencies Except DM

Table of straight bonds in various currencies, including Australia, Canada, and Europe, with columns for Amt, Security, % Mat, Mtd Price, Mtd Lme, and Yield.

Main table of international bond prices, organized by region (Africa, Asia, Europe, Latin America, Middle East, North America, Oceania) and security type, with columns for Amt, Security, % Mat, Mtd Price, Mtd Lme, and Yield.

HIGHEST YIELDS to Average Life Below 5 Years

Table listing the highest yields for bonds with an average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Table listing the highest yields for bonds with an average life above 5 years.

HIGHEST CURRENT YIELDS

Table listing the highest current yields for various bond securities.

(These securities have not been offered or sold in the United States or Canada. All of these securities having been sold, this announcement appears as a matter of record only.)



CANADIAN UTILITIES LIMITED

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Wood Gundy Limited

Banque Bruxelles Lambert S.A. Deutsche Bank Aktiengesellschaft

Greenshields Incorporated Hambros Bank Limited

Orion Royal Bank Limited Salomon Brothers International

Société Générale de Banque S.A. Swiss Bank Corporation International Limited

S. G. Warburg & Co. Ltd.

Table listing various international banks and financial institutions, including Al-Mal Group, Banca del Gottardo, Bank Gutzwiller, etc.

WestLB advertisement for Eurobonds, DM Bonds, and Schuldscheine, including contact information for Düsseldorf, London, and Luxembourg.

Handwritten Arabic text at the bottom of the page.

The Bases of Texas: From Keystone Field to Marathon, Their Quiet Touch Finds Big Profits

By Ann Crittenden
New York Times Service

FORT WORTH, Tex. — Among oil-rich Texans, almost none have a lower profile than the Bass family of Fort Worth, itself a quiet, folk city of 385,000 some 30 miles west of Dallas. The Basses are unknown even to most Texans, although they are probably among the five or 10 wealthiest families in the United States.

Several prominent Texas businessmen said in interviews that they doubted the Basses were as big as the Hunts of Dallas. But both are so big — with each clan's total worth easily more than \$1 billion — that neither

family really knows how wealthy it is. But a former executive with Morgan Stanley, the investment bank, offered one indication of the Basses' wealth: "We looked at their operations a while back," he said, "and they were so well-heeled it was hard to find anything we could do for them."

"They are very, very quiet, and very, very powerful," added the former Morgan officer, who asked not to be identified.

The family, which shuns the press and refuses all interviews, came to national attention last month when it was disclosed that the family was the second-largest shareholder

of Marathon Oil, with 5.1 percent of the stock, after another Texas investor, Sedco Inc., which has 7.7 percent.

For a few days the Basses and Sedco even considered a joint takeover of Marathon — the 39th-largest industrial corporation in the United States — before they realized that even Texas billions were not match for the likes of Mobil Oil or U.S. Steel, now engaged in a battle for the company. Even so, the Basses have already realized a paper profit of almost \$160 million on a \$165-million investment in Marathon stock that they began buying only last August.

The Basses' personal oil holdings are easily

as large as those of several sizable publicly traded companies. They own tens of thousands of acres in the United States and Hawaii, including some of the most valuable real estate in and around Fort Worth. They have become one of the largest owners of hotel rooms in the country, and they have bought up so much stock in so many major American corporations that they resemble institutional investors more than individuals.

Almost weekly the financial press carries a new announcement that the Basses have acquired a major stake in companies like Amfac, Western Airlines, Crown Zellerbach, USAir, and Blue Bell Inc., the manufacturer

of Wrangler jeans. Thus far, the Basses have played the role of passive investors, in for the capital gain on equities they see as undervalued, although the management of Amfac, for one, is keeping a nervous eye on the Basses' recent purchase of 8 percent of the company.

A few weeks ago, Bass Brothers Enterprises, the parent of most of the oil and gas, ranch, real estate, and hotel holdings, including a controlling interest in Americana Hotels Inc., announced that it had agreed in principle to purchase two more resort hotels in New Jersey and Wisconsin from the ailing Playboy Enterprises Inc., in a joint venture

with a Chicago real estate developer, Eugene Golub.

Clearly the younger generation, led by Sid Richardson Bass, 39, who heads the major family companies, has done well by its original inheritance. The family money traces back to the legendary fortune of Sid Richardson, a colorful independent oilman who was a confidant of Lyndon Johnson; who hired young lawyer John Connally; and who more than anyone else bankrolled his friend Dwight Eisenhower into the White House.

Mr. Richardson had an up-and-down career as a wildcatter in his early days, and

(Continued on Page 11, Col. 1)

Secret Talks on Options By Regulatory Agencies Raises Discretion Issue

By Jerry Knight
Washington Post Service

WASHINGTON — In an extraordinary series of secret meetings, two top Reagan administration regulators have drafted a far-reaching agreement that will allow risky new investments to be sold to the public and will directly benefit the businesses the regulators formerly worked for.

Small investors will be able to speculate on whether the prime rate is going up or down or to risk their money on the rise and fall of popular stock market indicators such as the Dow Jones industrial average as a result of the agreement announced last week by the Securities and Exchange Commission and Commodity Futures Trading Commission.

Though such investment vehicles have been denounced as little more than gambling by some congressional officials, the chairman of the SEC and CFTC said last week they expect to approve their sale to investors sometime next year.

The decision was reached in an series of six closed-door meetings between SEC Chairman John Shad and Philip Johnson, chairman of the CFTC, both Reagan appointees.

The Shad-Johnson plan could bring many millions of dollars of new business to stock and commodity brokers and could directly benefit the firms that the two men worked for before joining the Reagan administration less than a year ago.

Mr. Shad was previously a vice president and director of E.F. Hutton, a major Wall Street firm that is almost certain to sell the new investments. As a Chicago commodity lawyer, one of Mr. Johnson's biggest clients was the Chicago Board of Trade, one of the markets on which the new investments will be traded.

The decision-making process raises questions about the close ties between the two regulators and the industries they are supposed to police and challenges the principle that public-policy decisions ought to be made with public participation.

The entire decision was made with no public hearings and no opportunity for public comment. Investment industry officials, however, were told in advance about the plans of the two agencies and were consulted by both chairmen before the decision was made.

Until the talks between Mr. Shad and Mr. Johnson, the SEC and CFTC had been at odds for years over how to regulate a new generation of investments that had not been invented when most securities and commodity laws were enacted.

The dispute is more than just a bureaucratic tussle, because the SEC and CFTC operate under vastly different regulatory plans. The SEC not only has tougher regulations to protect customers from abuse, but also a reputation as an effective watchdog. A congressional report on the CFTC last week charged that agency has neither the necessary rules to protect the public nor the will to enforce its own regulations.

Mr. Shad and Mr. Johnson announced after they were appointed by Mr. Reagan last spring that they would meet to try to iron out jurisdictional differences.

Six times in the last several months the two chairmen held private meetings to discuss how to regulate investments that do not fit conventional definitions of either securities or commodity futures contracts.

The closed commission meetings skirted the federal "sunshine law," which requires government agencies to announce the time, date and subject of meetings in advance so citizens can participate in the proceedings.

It was not even known that the two commissions had formally discussed the controversial issues, let alone made a decision, until last Monday, when Mr. Shad and Mr. Johnson held a joint press conference and disclosed their plan.

While the public was kept in the dark, securities and commodity industry officials were told in advance how the two agencies planned to regulate them.

Mr. Johnson invited the heads of the nation's commodity exchanges to CFTC headquarters and briefed them on Dec. 4 about the regulatory plan, three days before the agreement was announced to the public. CFTC officials confirm.

Mr. Shad held no such formal meeting with the securities industry but discussed the plan with interested Wall Street executives

during the months of private negotiations with Mr. Johnson, an SEC spokesman said.

It was not until after the public announcement that SEC officials explained the plan to the staff of the House Energy and Commerce Committee, which has jurisdiction over the agency.

That committee's chairman, Michigan Democrat John Dingell, is one of two House panel chiefs who have already expressed doubts about the regulatory plan and are considering holding hearings on it.

Also skeptical is Rep. Benjamin Rosenthal, Democrat from New York, whose House Commerce, Consumer and Monetary Affairs subcommittee last week issued a highly critical report on the CFTC's handling of the silver market crisis last year.

The subcommittee report, written by staff attorney Barbara Timmer, criticizes CFTC commissioners for holding private meetings with industry representatives. It also criticizes the agency for approving new forms of investment when it lacks the staff and money to oversee the new markets.

Aides said Reps. Rosenthal and Dingell have questioned the propriety of the SEC and CFTC making major policy decisions behind closed doors.

Attorneys for the two agencies say the meetings were exempt from the "sunshine law" because they were held to discuss pending litigation and upcoming legislation, for which closed sessions are permitted.

Mr. Shad, however, has said the two agencies do not need new legislation to implement his agreement with Mr. Johnson. If that is true, use of the legislation exemption could be in doubt.

Sources at the agencies also say much of the discussion during the closed meetings had little to do with a lawsuit challenging the SEC's options regulations.

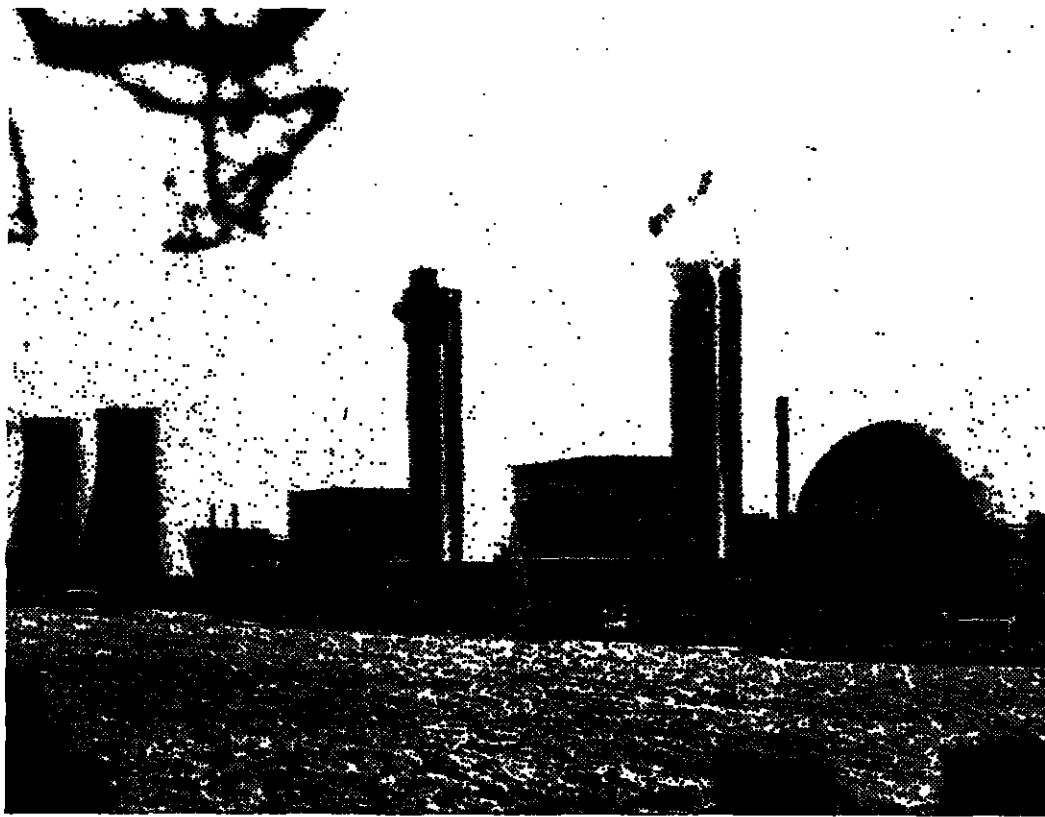
Rep. Dingell has complained previously that some of the new investments the SEC and CFTC plan to authorize seem to be little more than gambling on unpredictable fluctuations of the stock market.

At issue in the secret talks were new kinds of options and futures contracts that will allow investors to put up a relatively small amount of money and potentially make many times the amount they invest.

One of the new investments the agencies plan to authorize will be options and futures contracts based on such economic indicators as the Dow Jones industrial average and the prime interest rate.

For a relatively small down payment, an investor will be able to buy "Dow Jones futures." The investor makes money if the Dow goes up, loses if it goes down.

The regulatory conflict is that the CFTC regulates futures contracts, but the SEC is responsible for the stock market. Under the Shad-Johnson agreement, the CFTC will regulate stock index futures.



Building Mexico's nuclear power plants will reap billions of dollars for contractors

Rise in Rates Hurts New Offerings

By William Ellington
AP-Dow Jones

LONDON — Most of the week's offerings of international dollar bonds were so badly received that they started trading at three and four point discounts from issue price in what market participants described as a "debacle."

The main cause for investor resistance was a sharp upturn in short-term interest rates. One-month rates for interbank dollar

EUROBONDS

deposits in London rose to 13.44 percent offered Friday from 12.56 percent a week earlier, while the widely watched six-month rate advanced to 14.44 percent from 13.0 percent.

Analysts attributed the rise in interest rates to near-term worries about a disruptively large increase in different measures of the money supply. However, long-dated deposit rates rose by more than short-dated deposit rates. This suggested that traders were also concerned that interest rates would be pushed up next year by the U.S. government's record budget deficit, observers said.

Seasonal considerations also played a part in the poor after-market performance of new issues, dealers said. They explained that bond traders are anxious to keep the profits they earned during last month's sharp rise in bond prices. Therefore, traders have been dropping their bids to avoid accumulating bonds, which might have to be marked lower for year-end accounts.

A further negative consideration was the indifferent quality of the issues on offer this week, analysts said.

Although managers increased the coupon rate of a \$30-million, seven-year note issue of Alcoa of Australia by a half point to 16.0 percent, this was not enough to

stimulate demand. The issue tumbled to 96.75 bid, 97.25 offered in aftermarket trading from the issue price of 100.

RCA's \$75-million, five-year note issue bearing 15 1/2 percent declined to 95 from issue price of par, raising the yield to a lofty 17.06 percent. Usually, household names such as RCA sell well in the Eurobond market, but this time much of the issue was reportedly left with the underwriters.

A seven-year note issue for Nova, an Alberta oil and pipeline corporation, was reduced by \$25 million to \$100 million. Furthermore, the coupon rate was raised a half point to 16 1/2 percent and the offering was priced at a discount of 99.5 to yield 16.38 percent. Despite the change in terms in favor of the lender, the issue was trading at around 97 in the aftermarket to yield 17.03 percent.

A \$50-million issue of the Canadian tobacco company Imasco, which was priced at 99.5 bearing 15 1/2 percent to yield 15.92 percent, plunged to 94.5 Friday, raising the yield to 16.90 percent. Western Mining's \$50-million, seven-year note issue bearing 15 1/2 percent dropped to 95.75 from the issue price of 99.25.

A \$30-million, five-year note issue of Statforetag, a Swedish state holding company, was priced at 99.25 bearing 15 1/2 percent to yield 15.98 percent. It slid to 97 Friday. This raised the yield to 16.68 percent.

Convertibles

The best performer among the week's straight dollar bond offerings was a \$60-million, seven-year note issue of Pacific Gas and Electric, the largest U.S. utility in terms of revenues. After being priced at par bearing 15.75 percent, the issue traded at around 98.5.

In the convertible sector, a \$100-million, 15-year issue of Victor Co. of Japan (VJC), got an enthusiastic

reception partly because its consumer electronic products are highly regarded in Europe. Priced at par bearing 5.0 percent semiannually, the issue is convertible into VJC's Tokyo-listed shares at 2,933 yen. This represented a 10.68-percent premium above the share price at the time of the offering.

In aftermarket trading, the issue rose to around 100.5. With the market for fixed-rate debt in parlous condition, Alcan Australia opted for a floating rate note issue. The \$75-million, seven-year issue pays semiannual interest at the higher of 0.25 points above six-month London interbank offered rate or 6 percent. Swiss Bank Corp. International is the manager.

Alcan Australia is 70-percent owned by Alcan Aluminum, the Canadian aluminum company, but there is no parent guaranty. In the Deutsche-mark sector, a syndicate led by Deutsche Bank is floating a 300-million-DM, 10-year Australian government bond issue at par bearing 9.375 percent, the lowest yield of the year.

In addition, National Westminster Bank is raising 100 million DM with a 10-year bond issue at par bearing 9.875 percent, managed by Westdeutsche Landesbank.

Eurobond Yields*		
Week ended Dec. 9 (U.S. Dollars)		
International institutions	14.32%	
Industrials, long term	14.14%	
Industrials, medium term	14.77%	
Canadian dollars, medium term	14.53%	
French fr. medium term	17.24%	
Unit of acc. long term	12.01%	
* Calculated by Lazard's Stock Exchange		
Market Turnover		
Week ended Dec. 11 (Millions of U.S. Dollars)		
Cedel	4,360.2	3,495.2
Eurocl.	7,909.4	7,133.9
		775.5

\$25-Billion Mexican Nuclear Plan Lures Eager Suppliers of 5 Nations

By Marilee Simons
Washington Post Service

MEXICO CITY — A race is on here among high-powered representatives of five nations who are spending freely hoping for high profits in return. They are placing their bets in well-appointed offices, on private planes and limousines and in scientific seminars.

Top-level government interest is said to be high in the United States, France, Canada, Sweden and West Germany.

At stake is Mexico's new atomic energy program. In a slow world market for nuclear power wares, the program is the biggest going. Worth \$25 billion at current prices, the Mexican plan aims to build 20 nuclear reactors across the country to double national energy production within 20 years. The ambitious scheme is part of Mexico's oil-financed rush into industrialization, which is taking place on a scale and with a speed unmatched elsewhere in the developing world.

The nuclear program has spurred heads of government, cabinet ministers, company presidents and atomic scientists to join in a costly, elegant and complex courtship of their Mexican counterparts.

"The political and public relations message the Mexicans are getting is of a magnitude you only see in the arms business," said a senior diplomat here.

"I've never seen anything like it, this is the biggest nuclear rush going," commented an industry executive with 20 years experience. "Normally one or two companies negotiate privately with a buyer government. This is the first time there has been a competition of bidders, over so large a project."

The invitation for bids on the first contract, which went out in October, has sent nearly all the West's nuclear reactor suppliers to the drawing board. The major exceptions are a British consortium that suspended operations, and Babcock and Wilcox, the U.S. builders of the ill-fated Three Mile Island plant who "were not invited to participate," according to a local source with inside knowledge.

Seven companies picked up the 1,000-page specification document: Westinghouse, General Electric and Combustion Engineering Inc. of the United States, Atomic Energy of Canada Ltd.,

ASEA-ATOM of Sweden, Kraftwerk Union of West Germany and Framatome of France.

While the first contract will be worth \$1 billion, the winner is believed to be in an almost certain position to build most or all of the remaining plants. The production target is 20,000 megawatts of electric power by the year 2000, more than Mexico's total output of 17,000 megawatts now.

As a local official noted, "The overall scheme is about twice as large as those of [South] Korea, Argentina, Brazil and India," other developing nations in various stages of nuclear energy production.

Mexico has the world's fourth-largest oil and gas reserves, but planners here feel that hydrocarbons are too valuable a resource to use for electricity for the massive industrial establishment and the 100 million inhabitants expected by the end of this century. Mexico now has about 50 million people.

Bids for the reactor work are due Feb. 5, and the lobbying has become more intense as that date approaches.

The wooing takes place in the National Palace, in embassies and government offices and over dinners with officials from the National Electricity Ministry, the Federal Electricity Commission and the National Institute for Nuclear Research. The Mexicans are invited on informative but luxurious trips abroad and they are bombarded with briefings on the advantages of heavy water versus enriched uranium fuel, on reprocess-

ing and safety. There are seminars on financing and joint ventures and more briefings on the training of personnel.

The pace of diplomatic flagwaving has been dizzying. Last week, for example, a 10-member U.S. government mission, headed by Kenneth Davis, the deputy secretary of energy, was here for a two-day visit to discuss "nuclear cooperation."

Mr. Mitterand discussed the subject while here, and several French Cabinet ministers and scientists have also paid visits.

Sweden has had senior delegations here, and King Carl XVI Gustaf is scheduled to visit soon. Politicians, technicians and executives have come from West Germany. Canadian Trade Minister Ed Lunney, whose responsibilities include nuclear technology, has been to Mexico City three times. Mr. Trudeau, who met with Mexican President José Lopez Portillo during the October summit in Cancun, is coming again in January.

Last September, on a visit here, Vice President George Bush privately reminded Mr. Lopez Portillo of U.S. interest in the reactor program. It is not known whether President Reagan has mentioned the project in his talks with the Mexican leader.

There is also a more discreet level of politicking — and even low-level espionage — under way. "The French are the most, well, shall we say, expansive," said a

(Continued on Page 11, Col. 1)

CURRENCY RATES

Interbank exchange rates for Dec. 11, 1981, excluding bank service charges.

	\$	£	DM	FF	Yen	Other	U.S.	U.S.	U.S.
Amsterdam	2.47	4.65	109.78	43.19	8.20		6.72	124.15	23.78
Brussels (a)	26.775	72.47	17.19	6.751	3.208		15.645	20.985	5.89
Frankfurt	2.255	4.249	4.295	39.27	1.866		91.625	5.822	122.80
London (a)	1.271	—	—	—	—		4.610	72.35	2.603
Milan	1,088.95	2,276.70	536.25	218.82	—		488.37	31.25	65.82
New York	—	1.856	6.488	0.1738	0.0084		6.815	0.0258	0.522
Paris	5.728	10.796	25.42	—	4.245		221.45	1.822	311.8
Zurich	1.815	3.475	81.1	32.07	0.1223		74.24	4.741	—
ECU	1.078	0.575	2.453	6.194	1.3031		26.733	41.874	1.992

Dollar Values			
U.S.	Currency	Per U.S.	U.S.
1.129	Australian \$	0.894	1.129
0.832	Austrian schilling	1.215	0.832
0.223	Belgian franc	4.475	0.223
0.82	Canadian \$	1.176	0.82
0.158	Denmark krona	7.262	0.158
0.256	French franc	3.74	0.256
0.0176	Great drachma	56.70	0.0176
0.175	Home Kope \$	5.829	0.175
1.375	Irish £	0.729	1.375
	Japanese yen	1.103	
	Port. escudo	65.24	
	South ryal	1.42	
	S.W.A.	0.864	

* Berlin time; 1:175 Irish £. (a) Commercial franc. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

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Midland Bank Limited National Westminster Bank Group

Swiss Bank Corporation International Limited

December 1981

International Bond Prices - Week of Dec. 10

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Main table of international bond prices, including columns for Amt, Security, % Mat, Price, Yield, and various regional sub-sections like AUSTRALIA, CANADA, DENMARK, etc.

Table of convertible bonds, including columns for Amt, Security, % Mat, Price, Yield, and various regional sub-sections like EUROPE, JAPAN, SOUTH AFRICA, etc.

Table of highest current yields on convertibles, including columns for Amt, Security, % Mat, Price, Yield, and various regional sub-sections like EUROPE, JAPAN, SOUTH AFRICA, etc.

Advertisement for International BusinessWeek, featuring the text 'URGENT: INVESTMENT OUTLOOK 1982' and 'A special year-end double issue'.

Advertisement for American Exchange Options, featuring the text 'American Exchange Options For the Week Ending Dec. 11, 1981' and a detailed table of option prices.

السنة الثانية

Some Advice on How to Invest \$1 Million

By Alexander R. Hammer
New York Times Service

NEW YORK — One million dollars is a round, respectable sum, large enough for a professional money manager to do something interesting with. It seemed logical, then, to ask the people who earn a living investing the funds for individuals, institutions and their own companies. Four randomly selected managers responded, and all proved resolutely orthodox. They would put most of an investor's million into the stock and bond markets, despite the beating that both markets took during most of this year. All also agreed that, if it were their money, they would invest a smaller portion of the windfall in high-yielding money market instruments. Keeping ahead of inflation, at the very least, was a common goal. Following are their individual assessments.

Charles Booth is senior investment officer of the Bank of New York, supervising some \$7 billion in assets. "I would put 50 percent into stocks," he said, "30 percent into bonds and the remainder into short-term money market funds."

Stocks and bonds, he explained, "are now very cheap in price compared to alternatives such as real estate." And the nation is in the midst of a dramatic transition both economically and politically, that "will lay the foundation for endless opportunities in both bonds and stocks."

Among stocks, Mr. Booth favors consumer, health care, specialty retailing and consumer nondurable issues, such as Foremost-McKesson, as well as interest-sensitive issues like telephone, utility and bank securities.

For bonds, he sees "income plus moderate capital appreciation in this market and would buy intermediate maturity discount bonds."

Why money funds? "Their yields are attractive," Booth said, and they form "a reserve to buy more stocks or bonds if their price declines unexpectedly from current levels."

Robert Vatter is vice president and chief economist for Metropolitan Life Insurance and a member of the company's equity and asset allocation committees with investments of \$47 billion. He said he would put

his \$1 million immediately in bonds with short-term maturities and keep it there until consultations with a tax accountant and estate planner are completed and an investment game plan developed.

"Once my investment game plan is developed," he said, "I would take the funds and invest 40 percent in common stocks and real estate." Both, he explained, represent long-term hedges against inflation, and real estate could help shelter income from the rest of the portfolio. Among stocks, his choices right now would be interest-sensitive and defensive issues, including utilities, drugs, hospital supplies, beverages, consumer nondurables and aerospace.

Another 25 percent, he said, would go into tax-exempt bonds, to shelter income, and 15 percent would go to corporate bonds. Vatter pointed out that with many corporate issues selling at deep discounts, the potential for capital appreciation was high, and that the reduction in the maximum tax rate for capital gains makes bonds a more attractive investment than in the past.

The remaining 20 percent would be split between short-term investments — money fund yields can be expected to lag behind the decline in market rates, he argued — and cash reserves for "opportunistic investing" in equities.

Over the longer term, Mr. Vatter said, "if the financial markets show signs of settling down, some of the corporate bond funds could be reinvested into convertibles in order to provide some protection against future inflation."

And when the economy shows signs of firming, he added, he would accumulate high-priced, quality growth stocks in such fields as office equipment, technology and capital goods.

Ronald Rayevich handles four investments amounting to \$600 million for Columbia University. He advised caution above all, given an inflation rate of 10 percent or so and a recession that he expects to continue until sometime during the summer.

He said his portfolio would consist of 40 percent bonds, 40 percent stocks and the remainder, money market funds, because of their high yields and the ease of withdrawal. Among bonds, he would purchase Treas-

ury issues with an intermediate maturity of seven to 10 years. In equities, he would gradually purchase 10 stocks and invest \$40,000 in each. Among his specific choices: Union Oil of California, Standard Oil of Indiana, Digital Equipment, Avnet, McGraw-Hill, the Melville Corp., Kennametal, Delta Airlines, W.R. Grace and General Mills.

Mr. Rayevich stressed that he was not interested in investing any part of his windfall in precious metals or other collectibles because they do not pay dividends or interest and they must appreciate considerably for an investor to register a gain.

Martin Sass, president of M.D. Sass Investors Services Inc., manages about \$400 million in investments for institutions and individuals. He said he would put 40 percent of the \$1 million into common stocks and convertibles, 30 percent in fixed-income securities, 20 percent in cash equivalents and 10 percent in oil and gas and real estate investments.

"This portfolio would provide a return well in excess of the inflation rate and should also provide protection against the current turbulence in the financial markets and provide some tax shelter," he said.

Mr. Sass noted that he would purchase common stocks and convertibles of recession-resistant companies with high returns on equity and "hidden stock strengths" — a side interest, say, in a market that should enjoy unusually rapid growth. He also favors interest-sensitive companies, notably insurance companies selling at low price/earnings ratios and large discounts from book value, as well as health and technology companies in the microprocessor, electronic countermeasure, telecommunications and computer software areas and companies in the home entertainment industry.

Intermediate bonds, he argued, "offer a better risk-reward potential than stocks during the next 12 months."

Mr. Sass said that although stocks are relatively cheap, they still look fairly expensive compared to the high interest rates that can be earned in fixed-income securities. For example, he said, a 10-year Treasury bond would have a total return of 30.5 percent over the next year if interest rates declined three percentage points.

Oil Scandal Ravages Spain's Seafood Canneries

New York Times Service
MADRID — A scandal involving adulterated cooking oil, which has killed 215 persons in Spain since last spring, has brought the nation's seafood canning industry to the verge of collapse.

Although no poisonous oil has been found in 18,000 spot-checks of canned seafood, consumers' confidence has been shattered. "We can't last through December if the situation continues," said Tomás Masso, president of the National Seafood Canning Federation. The industry's inventory accumulation has grown to \$134 million, compared with a normal figure of \$38 million.

In mid-June, Spanish health authorities announced that the toxic syndrome, which by then had claimed 43 lives in six weeks, had been traced to industrial rapeseed oil imported from France and illegally added to cooking oil in Spain. That set off a consumer scare. Domestic sales of canned seafood were down 25 percent in August from the level of a year earlier.

Waiting to Shut Down
Seventeen seafood canneries have been closed temporarily, leaving some 4,000 workers idle. People in the industry say 40 percent of the 373 canneries are awaiting official permission to shut down so inventories can shrink.

The canneries' biggest setback came in early October when Italy closed its borders to Spanish edible oil products. Several weeks later, France followed suit with a three-month ban on canned foods from Spain containing oil.

Although the foreign bans affected some international shipments, their greatest impact was on Spain's already faltering domestic market, which normally takes 76 percent of the 210,000 tons of canned seafood produced in a year. Domestic sales in November plunged 73 percent from the year before.

"Spaniards interpreted these vetoes as evidence that food products conserved in oil were not fit for consumption," Mr. Masso said. Consumers ignored the fact that many other countries continued to import Spanish products containing oil, he said.

Stagnating Sales
Spain ranks third among the world's exporters of canned seafood, after the United States and Japan. Even before the oil scandal arose, though, Spain's sales of canned seafood, both at home and abroad, had been stagnating for the last 10 years.

Food industry experts say obsolete manufacturing and marketing

processes are mostly to blame. They contend that Spain's canners have failed to keep up with changing consumer habits at home or to base an export policy on brand recognition abroad.

Jorge Jordana, vice president of the National Food and Beverage Federation, accuses the government of mishandling the oil scandal, aggravating the loss of consumer confidence. The government neglected to act on reports of "suspiciously large imports of industrial rapeseed earlier in the year" and since then has not acted forcefully to dispel doubts, he said.

People in the food industry estimate that sales of products containing vegetable, olive and seed oil fell 15 percent in August and September, but all sectors except canned seafood now seem to be back to normal.

"The present crisis may provide a needed jolt to Spanish seafood

canners," said Juan Cantero, head of Canadian Food Consultants Ltd. in Spain. "If they want to remain competitive, they will have to start looking more to the future and less to the past."

Only a few canning companies have moved toward consolidating their brand images. Consumers still have to choose among 1,200 labels. Canner exporters tend to depend on one-shot sales abroad rather than creating long-term markets based on brand identity.

"Canners resist the idea, but we're going to have to whittle ourselves down from several hundred technologically backward companies to a few dozen modernized firms," Mr. Masso said.

But Spanish canners find few examples to follow in the nation's food industry. It is an industry that is extremely fragmented, and the companies are reluctant to form cooperatives or joint ven-

tures. Out of 64,500 food concerns in Spain, with 449,000 workers, only 2.8 percent have more than 50 employees.

"The all-in-the-family days are over, and the sooner the food sector realizes that, the better," Mr. Jordana commented. He cited the recent initiative of 16 vegetable canners in the Rioja region who set up a joint export company. "I'll tell you," he said, "in the Spanish food industry, that's a miracle."

Gold Options (prices in \$/oz.)

From	Feb	May	Aug
410	10.00-22.00	—	—
420	10.50-22.50	20.00-23.00	—
430	5.50-7.50	11.00-14.00	10.00-22.00
440	—	7.00-10.00	13.00-16.00
450	—	6.50-8.50	8.00-11.00

Valours White Weld S.A.
1, Quai du Mont-Blanc
1211 Geneva 1, Switzerland
Tel. 31 02 51 - Telex 28 305

Bass Family of Texas: Low Profile; High Profits

(Continued from Page 9)

during the Depression had to borrow \$40 from his sister to try his hand in the oil fields of West Texas. There he struck the fabulous Keystone field, drilling 385 wells, one after another, with only 17 dry holes.

Mr. Richardson owned 40 percent of the field, and by 1943, when big homes in Texas could be had for \$20,000, his worth in the Keystone field alone was estimated at \$500 million.

Mr. Richardson, who was nicknamed "the billionaire bachelor," never married (he once remarked that women "are all wanting a landing field, but mine's fogged in"). When he died in 1959, he left the bulk of his estate to the Sid Richardson Foundation (now roughly the 60th-largest in the country and about the same size as the General Motors Foundation). The rest, mostly oil properties and real estate, went to his business partner and only nephew, Perry Richardson Bass, the son of the sister who had been so helpful during the Depression.

Perry, now 67, still manages his own enormous oil and ranching interests, serves as chairman of the Sid Richardson Carbon & Gasoline Co. and of the Richardson Foundation, and sits on several boards, including that of Braniff International, Texas American

Bancshares, and Fort Worth's Tandy Corp., which operates the Radio Shack chain.

Nevertheless, the soft-spoken graduate of the Hill School and Yale prefers to keep in the background, where a sailboat is never far away. He is an expert sailor, and was navigator for Ted Turner's America's Eagle when it won the World Open Racing Championship in 1972.

Yale Graduates

The Bass interests today are principally managed by Perry's oldest son, Sid, although the three other children all have a share in various family investments. Prep school and Yale graduates all, they are Edward P. Bass, an architect and builder in Santa Fe; Robert M. Bass, a Fort Worth developer and owner of an automobile dealership who also participates in the family companies; and Lee M. Bass, who is a student at the Wharton School at the University of Pennsylvania.

The Bass oil and gas interests, out of which the other holdings flow, include leases in virtually every significant field in the country and Texas wells that pump 332,626 barrels of oil and 2.8 billion cubic feet of gas a month. At current prices, that would bring in a minimum of \$174 million a year in gross revenues.

The family's real estate holdings include a good-sized chunk of downtown Fort Worth, hundreds of acres in the far north suburbs of the city, a 32,000-acre island off the Texas Gulf Coast, and a partnership interest in 31,000 acres of resort land in Hawaii. The Basses raise prize Santa Gertrudis cattle, Palominos and quarter horses on a ranch near San Antonio, Tex. And finally, the family owns the National Alfalfa Dehydrating & Milling Co. (now named National Farms Inc.), which farms 40,000 acres in Nebraska, Texas and Kansas.

Sid Bass assumed an active role in the business after graduating from Stanford Business School in 1968, moving quickly to expand beyond the family's traditional base in natural resources. Like many of the heirs of the largest Eastern fortunes, he placed some of the family's wealth with a venture capital firm, in this case, he put roughly \$8 million in 1970 with Idanta Partners in La Jolla, Calif., a firm that provided the seed money for, among other things, Storage Technology Corp. and Prime Computer, one of the fastest-growing small computer companies in the country.

By 1981 that \$8 million had blossomed into \$200 million, according to David Dunn, the managing partner of Idanta.

Hotel Business

Under Sid's guidance, the Basses made a major move into the hotel business. The first acquisition was in 1976 with the purchase of the 22-hotel Pick chain, followed in 1980 by the acquisition of several Americana hotels from American Airlines, including resorts in Mexico, Hawaii, and Aru-

ba. Complementing the family's growing hotel holdings was the recent Playboy deal and the purchase of Amfac stock. Amfac, a Honolulu-based company, among other things operates 24 hotels and resorts in Hawaii and the U.S. mainland, including the largest hotel in Texas, and is the largest U.S. producer of cane sugar.

Self-Sufficiency

Bass Equity Enterprises, which manages most of the family's portfolio investments, and the other Bass entities hold 7.6 percent of Blue Bell, 9 percent of the common stock of Church's Fried Chicken Inc. of San Antonio, and a big chunk of Major Realty, which holds tracts of Florida real estate north of Disney World and in Tampa, and Punta Gorda Isles, a builder in Punta Gorda, Fla.

Within the past year, Bass entities have reported a stake of 5 percent or more in preferred issues of USAir, Crown Zellerbach, Western Airlines, the Trans World Corp., Gulf and Western, the Northwest Energy Corp., Allis Chalmers, the Charter Co., Fairchild Industries, Paine Webber, the Flexi-Van Corp. and Georgia-Pacific, among others.

The Basses' portfolio investments are handled by Richard Rainwater, a former Goldman, Sachs & Co. securities trader, and Thomas Taylor, who was a convertible securities trader with Kidder, Peabody & Co. in New York. Their biggest coup before Marathon came earlier this year, when they sold a 36-percent stake in Sperry & Hutchinson Co. to Baldwin-Union, almost doubling their money and earning a profit of more than \$50 million for the Basses.

Mexico's Nuclear Power Plan Sparks Intense Competition

(Continued from Page 9)

Canadian observer. "They are making a tremendous effort. And of course, they are very grand and generous in their entertainment."

The state-owned Atomic Energy of Canada this summer opened a special office here. It soon was followed by a Swedish office a few floors below.

France's public relations drive for the partly state-owned Framatome comes directly from its embassy.

"Should we call it a coincidence that their new science attaché is a nuclear physicist?" asked a representative of a private conglomerate.

Westinghouse and General Electric, which both have plants here,

have expanded their staffs, and fly in extra personnel from the United States as needed.

"Of course we don't tell each other what we're doing," said one high-level executive, who like most people interviewed did not want to be identified "given the sensitivity of all this."

"But we keep people on the ground and we find out about the competition from the Mexicans," he went on, "and the Mexicans are masters at playing us off against each other."

The consensus here is that the Mexicans, while enjoying the courtship so far, have "beat over backward" to remain fair in the bidding process, as one executive put it.

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Table with columns: Symbol, High, Low, Last, Change. Lists various stock symbols and their price movements.

Table with columns: Symbol, High, Low, Last, Change. Continuation of stock price data.

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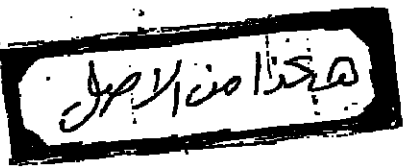
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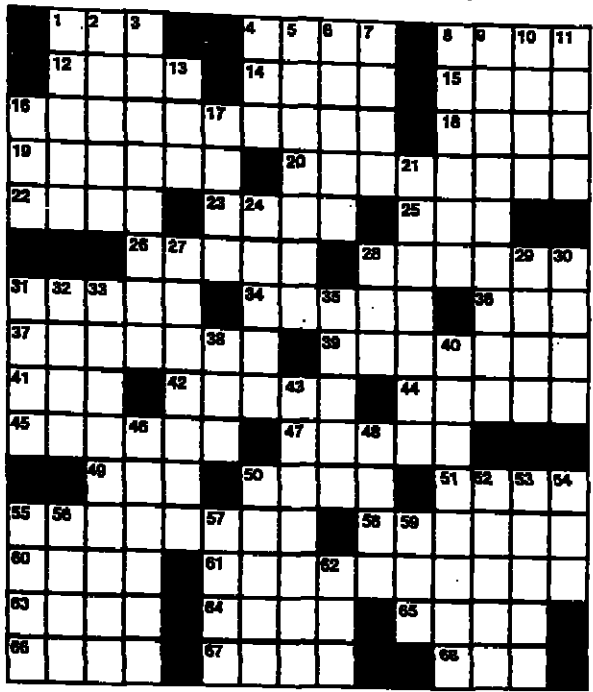
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Chicago Exchange Options table with columns: Option & price, Calls, Puts, Dec, Mar. Includes sub-sections for Dec 11, 1981 and Mar 1982.

(Continued on Page 13)

CROSSWORD By Eugene T. Malaska



- ACROSS**
- 1 Crow's cry
 - 4 After-dinner sweet
 - 8 Moved quickly
 - 12 Operatic solo
 - 14 Melville work
 - 15 Worry
 - 16 Gilt on the market
 - 18 Algerian serpent
 - 19 Best
 - 20 Hotspur's fault
 - 22 Level
 - 23 "Pater Noster" finale
 - 25 Yet, to Shakespeare
 - 26 Sackcloth and
 - 31 Expedite
 - 32 Canadian peninsula
 - 34 Flower
 - 36 "Maria"
 - 37 Accumulated
 - 39 Power losses
 - 41 Title of respect
 - 42 Row's opposite
 - 44 Happening
 - 45 Noted English archaeologist; Egyptologist; 1852-1942
 - 47 Score of four major W.W. I battles
 - 48 Cry of triumph
 - 50 Mussolini title
 - 51 Housecoat
 - 55 ———— medicine (type of jurisprudence)
 - 58 Crushed
 - 60 San
 - 61 Appose
 - 63 Jacob's twin
 - 64 Fever and chills
 - 65 Wrongdoing, to
 - 66 Snake-like fish
 - 67 Take it easy
 - 68 Maimie Eisenhower, ———— Doud
 - 11 Lairs
 - 13 Beast of burden
 - 16 Out of tune
 - 17 Beehive State
 - 21 Encouragement
 - 24 Union general
 - 27 Group meeting
 - 28 Cicero's "Alas!"
 - 29 Flush
 - 30 Shelter for a shoveler
 - 31 Struggle for air
 - 32 Girlfriend; Fr.
 - 33 Of man's attire
 - 35 Invigorating potion
 - 38 Juliet, aout, etc.
 - 40 Intense dislike
 - 43 Loud and rowdy
 - 44 Research monkey
 - 45 Tractor-trailer
 - 46 Locomot
 - 50 Dutch airport
 - 52 Chicago
 - 53 Actress Davis
 - 54 Dutch commune
 - 55 Run away from
 - 56 Name of three English rivers
 - 57 Box
 - 59 D.A.
 - 62 Favorite
- DOWN**
- 1 Quibble
 - 2 Sporting area
 - 3 Rife of "bugs"
 - 4 Swab
 - 5 Leave-one's mark
 - 6 Yarn
 - 7 Pre-Christmas best sellers
 - 8 Swedish cakes
 - 9 Family-tree item
 - 10 Historical periods

WEATHER

	HIGH	LOW		HIGH	LOW			
ALGARVE	16	4	Cloudy	MADRID	14	7	Rain	
ALGERIA	22	15	Cloudy	MARILIA	29	24	70	Peppy
AMSTERDAM	11	8	Cloudy	MEXICO CITY	8	4	Foggy	
ANKARA	12	4	4	MIAMI	24	15	61	Cloudy
ATHENS	19	16	5	MILAN	8	4	1	Fair
AUCKLAND	19	16	5	MONTREAL	1	-3	-6	Cloudy
BANGKOK	31	28	22	MOSCOW	5	-1	-2	Rain
BEIRUT	22	12	5	MUNICH	4	-3	-2	Fair
BELGRADE	3	-2	-1	NAGOYA	24	19	15	Cloudy
BELMONT	19	16	13	NASSAU	24	16	14	Fair
BOSTON	5	-1	-2	NEW DELHI	24	18	14	Fair
BRUSSELS	9	2	-2	NEW YORK	8	4	1	Fair
BUDAPEST	7	4	3	NICHA	12	5	7	Cloudy
BUENOS AIRES	23	15	5	OSLO	-3	-4	-4	Foggy
CAIRO	20	16	9	PARIS	2	3	2	Overcast
CAPE TOWN	22	11	12	PEKING	1	-4	-3	Fair
CASABLANCA	20	11	12	PRAGUE	-3	-2	-1	Fair
CHICAGO	3	-2	-1	REYKJAVIK	-4	-1	-1	Fair
COPENHAGEN	8	2	-1	RIO DE JANEIRO	31	21	17	Cloudy
COSTA DEL SOL	17	15	10	ROME	11	11	10	Fair
DAMASCUS	18	4	1	SALISBURY	17	15	10	Fair
DUBLIN	2	2	2	SAO PAULO	27	18	14	Fair
EDINBURGH	2	2	2	SEOUL	2	3	2	Fair
GENEVA	12	8	4	SHANGHAI	9	8	4	Fair
FRANKFURT	-2	-1	1	SINGAPORE	28	23	17	Cloudy
GLOUCESTER	1	3	3	STOCKHOLM	-4	-5	-7	Fair
HAARLEM	10	7	7	SYDNEY	28	17	13	Cloudy
HONG KONG	23	17	13	TAIPEI	17	17	15	Rain
HOUSTON	13	8	4	TEHRAN	22	12	13	Cloudy
ISTANBUL	16	11	12	TOKYO	12	5	4	Overcast
JERUSALEM	18	4	1	TURIN	10	12	14	Overcast
LAS PALMAS	1	-2	-1	VIENNA	8	3	3	Fair
LIMA	23	17	13	WARSAW	-2	-2	-2	Fair
LISBON	18	14	11	WASHINGTON	7	-1	-1	Fair
LOWEN	1	-2	-1	ZURICH	-1	-3	-4	Fair
LOS ANGELES	19	14	12					

Readings from the previous 24 hours.

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The Herald Tribune's new book by Jon Winroth makes light of wine snobbery—but sparkles with facts

This quotation is from Jon Winroth's new and highly professional book, in which he rejects the windy pontification so often associated with wine buying, wine tasting and wine serving. Witty, chatty, and often irreverent, this is a book of our time. For those who know wines and those who don't, there's much to be learned from WINE AS YOU LIKE IT. Order a copy today for yourself—and some extras while you're at it. A perfect gift, for friends or family.

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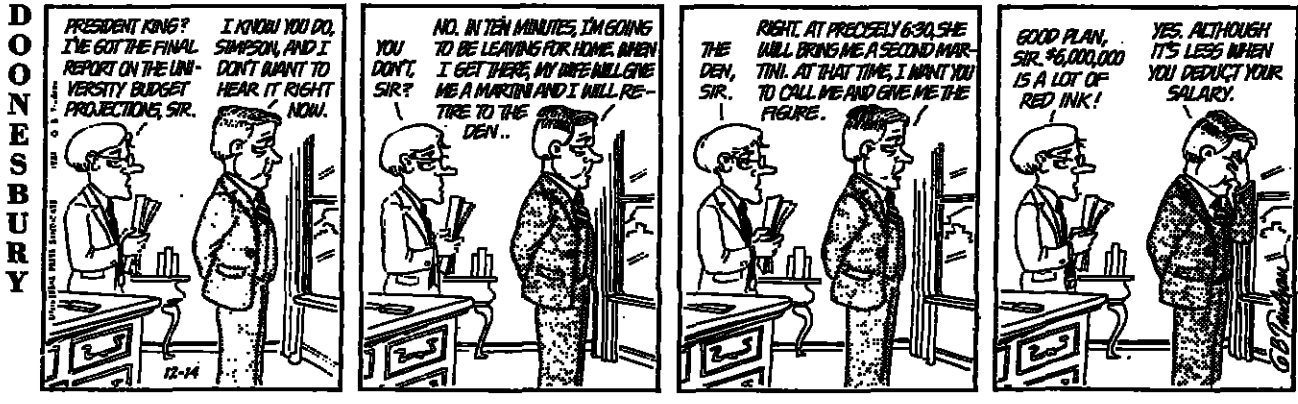
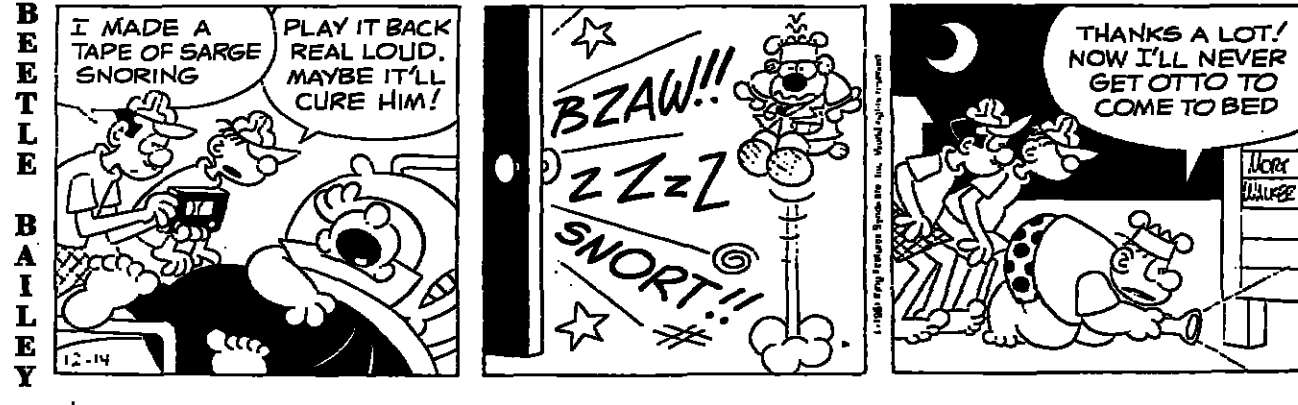
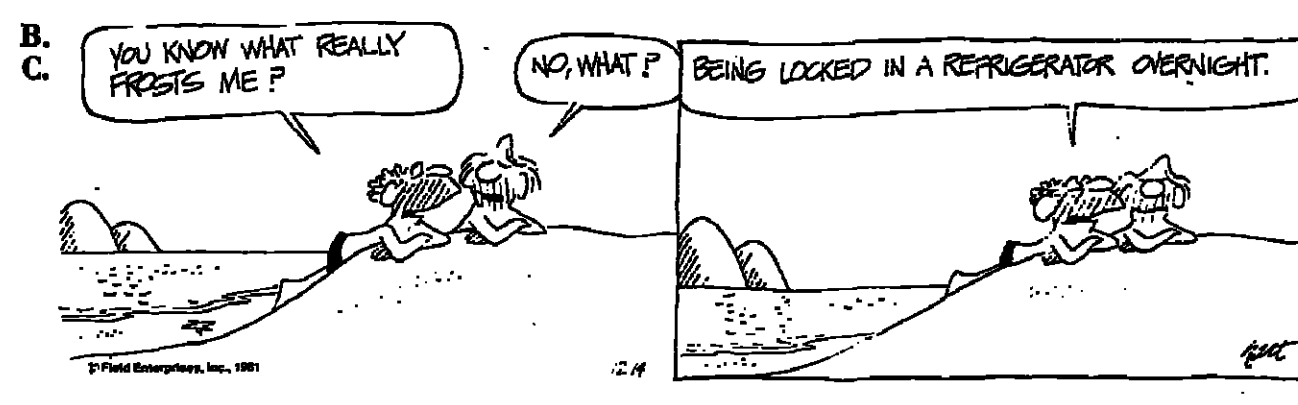
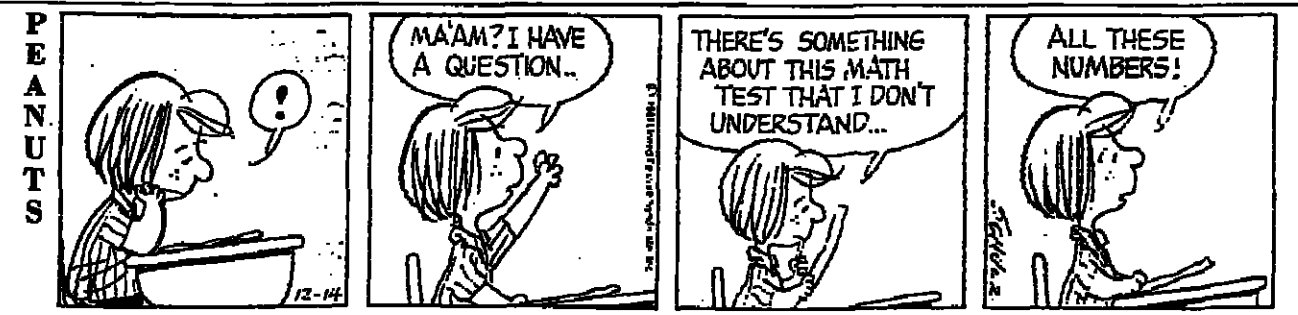
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JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

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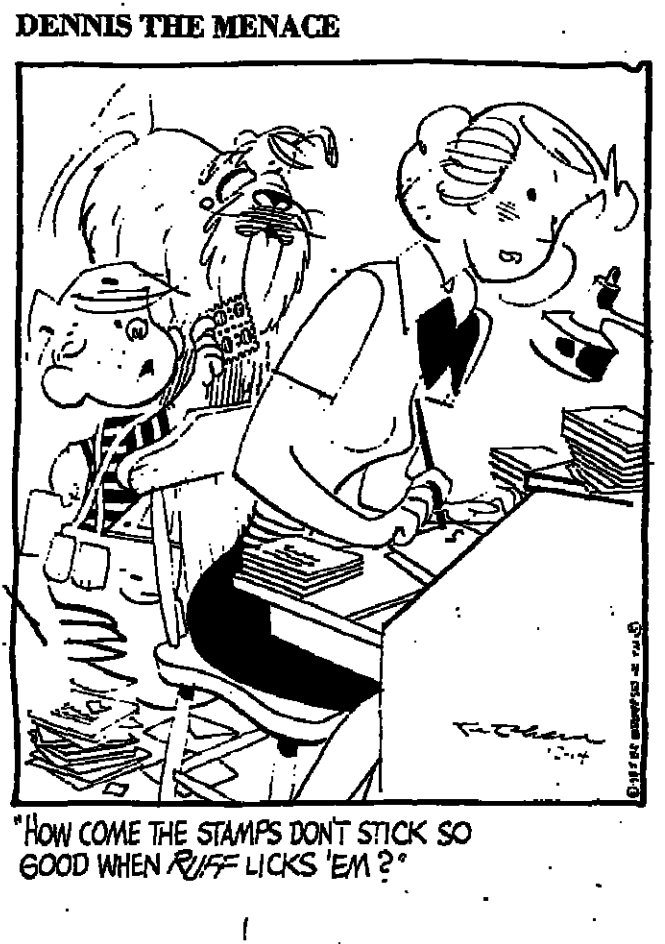
RIBAN
WERFE
DEDAHN
YOLDUC

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: THE

(Answers tomorrow)

Saturday's Jumbles: TOPAZ FILMY OUTLAW DEFINE
Answer: "I'm not rude—or am I?"—"I'M-POLITE!"



BOOKS

IN THE GARDEN OF THE NORTH AMERICAN MARTYRS
By Tobias Wolff. 175 pp. \$10.95.
The Ecco Press, 18 W. 30th Street, New York, N.Y. 10001.
Reviewed by Anatole Broyard

IT SEEMS to me that a curious thing happens when an author gives another author a complimentary statement to print on the dust jacket of his book. He begins by trying to say what he thinks, but then he becomes aware of how he sounds—and in adjusting the sound of his statement to his notion of how he himself wants to appear, he often alters it in mysterious ways, so that what we get in the end is the author-critic giving us an example of his style in an indirect relation to someone else's.

Even so, I believe that Tobias Wolff deserves, at least approximately, the flattering things Raymond Carver and Leonard Michaels say about him. In several of the 12 stories that make up "In the Garden of the North American Martyrs," he tries to do something difficult, subtle and technically ambitious.

In one case, at the end of a story called "Next Door," he imposes a tangential fantasy of one of the characters on the central problem of the story, to which it has no apparent relation. Yet the ambiguity of each part of the story is such that they seem to modify each other, as if by accident.

The device reminds me of a psychological experiment I heard about. A psychanalyst who had a neurotic patient in therapy imposed upon him under hypnosis a second, synthetic neurosis that was not directly related to the first. When he solved the second neurosis—which was possible because he knew its causes—the first neurosis was also cured. The analyst who performed the experiment subsequently decided that it was dangerous to tamper with human personality in this way and never repeated it.

Short stories may be dangerous too, in the ways in which they tamper with our personalities, but we always have the option of not reading them. Or, if we do read them, we may find ourselves cured, at least temporarily, of one or another of our anxieties.

Wolff, who is young, works with subtle dislocations, the kind of dislocations that change us without our realizing it. A 73-year-old man celebrates his 50th wedding anniversary with his 78-year-old wife by taking a cruise. But the rampant sexual activity of other people on the cruise disturbs his long-established serenity and when he is asked to make a speech to the passengers about the secret of long-lived happiness, he surprises himself in what he says.

In the title story of the collection, a young woman who teaches in a college deliberately subdues her imagination in the conviction that nature is given to those who hold on in a steadfast manner. When she discovers that she is mistaken and that she has been invited to give a talk only to satisfy a statutory requirement, she invents for the occasion a satiric tribe of Indians whom she describes in an orgy of anthropological vengeance.

Priggish, Perfectionist

A priggish, perfectionist professor who is so mistrustful of flair or glamour that he is irritated by the glitter of minerals in the pavement of a street. Heats himself thoroughly by pity into the company of a nurse who writes sentimental poetry. Sitting in her living room, where red cushions are arranged on the floor around a fat candle, he listens to her poetry and is amazed to find himself beginning to like it. He was attracted to the nurse by her thick blonde hair, which turns out to be a wig, and when she takes off the wig to reveal a bald head, he simply cannot find it in himself to look at her critically. Suddenly he is released from the tyranny of literature into the chaos of ordinary emotions.

A divorced woman who is politely and distantly courted by the cousin of a friend agrees to go away for a weekend with him, only to discover that there are peculiarities which are essentially beyond communication, differences of personal rhythms that are inaudible to the people trapped in them. A story about a liar suggests that lying can be a kind of prayer, or a bad poem, or an inhibition of love. It can also be, as Wolff says, an example of speaking in tongues.

Some of the stories that make up "In the Garden of the North American Martyrs" are not very ambitious, and these are not very good. Wolff is at his best when he is taking wild chances as any self-respecting young author should.

Anatole Broyard is on the staff of The New York Times.

CHESS By Robert Byrne

"I SEE the pattern developing," said Bent Larsen, the Danish grandmaster. "Kasparov always claims that he has a winning attack in post-game analysis sessions, but he is not willing to prove it with concrete variations." Larsen considers a lack of objectivity to be the prominent weak point in the play of Gari Kasparov, the brilliant 18-year-old Soviet grandmaster.

Michael Stean, a British grandmaster and chief second to Viktor Korchnoi, disagrees. "Where do you find objectivity among the great players?" he says. "Certainly not after having just finished a game."

There is too much excitement or frustration after a tough battle to permit a cool, honest appraisal of the play.

Larsen related that after the game between Kasparov and his compatriot Tigran Petrosian, a former world champion, in the Interpolis International tournament in Tilburg, the Netherlands, Kasparov vehemently insisted that he had a winning attack but refused to be specific about what he had done wrong or what he had missed.

Whether there was a way to win is not evident, but what is clear is that Kasparov was facing one of the great defensive players at his best.

When the Queen's Gambit Accepted was introduced, it is usually with 4...B-N5, promulgated by David Janowsky and Alexander Alekhine half a century ago—and revived in recent years. One of its fascinating facets is the gambit, after 5 BxP, P-K3; 6 Q-N3, BxN; 7 PxB, with 7...P-B4!; 8 QxP, QN-Q2. Considerable tournament experience has shown that Black's initiative is indeed worth the sacrificed pawn. Thus, the aggressive 6 Q-N3 is now out of favor.

Kasparov also played to get the bishop-pair but in a different way, with 8 P-KN4 and 9 N-K5. Since this produced a loosening of the White kingside, he retreated a piece with 11 B-B1 and 12 B-N2 to bolster the area. Moreover, the fianchettoed bishop was most effective for attack on its KR1-QR8 diagonal.

The idea of 15 P-N5; KN-Q2 (15...KN-Q4!); 16 P-K4, N-N; 17 P-N strengths the White center; 16 Q-N4 was to prohibit 16...O-O because 17 P-KR4 and P-R5 would have created a devastating attack on the Black king. Petrosian calmly castled on the opposite wing, well aware that his king was vulnerable in that quarter, too, but that the method would not be so routine.

In playing 18 P-N4, Kasparov surely foresaw the sacrifice of his QNP after 18...N-Q4; 19 N-R4. The alternative, 19 N-N, K-PN; 20 P-QR4, N-N3; 21 B-N5, N-RP; 22 P-RP, P-QN4 would also have been a gambit. For White must yield his QR. But here Black's defense should be easier. Petrosian's 19...P-KB4! was a clever psychological counter-gambit; if Kasparov were to pick up a pawn by

PETROSIAN/BLACK

KASPAROV/WHITE
Position after 25 Q-N1

20 PxB, P-P; 21 QxKp, he would concede Black active piece-play and be distracted from the Black king. Besides, after 20 Q-N3, the Black KBP served to prevent the defensively strong Black knight at Q4 from ever being driven away.

After having brought every piece to maximum defensive position, Petrosian fought back with 30...P-N4! On 31 PxB, B-PxP; 32 R-R2, taking a piece would have been disastrous. The move 32...P-N7, for example, could have been followed by 33 RxPch, KxR; 34 QxPch, K-R2; 35 Q-R4ch, forcing mate.

Petrosian is notorious for having his king defend itself by 32...K-N2; 33 B-N4, Q-K1; 34 B-Q6.

Kasparov, immersed in his plan to mate, played 35 Q-N1 and got the shock of his life. Petrosian, untrifled, produced the unsuspected winning king move—35...K-B3!

A king under attack is not supposed to attack, but here Black wins a piece by force since a knight move allows 36...KxB, while 36 BxB, P-N simultaneously attacks rook and bishop.

And the Black king continued his defiance with 40...NxB; 41 PxB, KxP, coming farther out to snare up a pawn.

The game was adjourned with Kasparov sealing 42 R-R4, but he no longer had any attack, and, heavily down in material, gave up without resuming play.

QUEEN'S GAMBIT ACCEPTED

White	Black	White	Black
Winnings	Drawings	Winnings	Drawings
1 P-K4	1 P-K4	23 Q-K1	23 Q-K1
2 N-F3	2 N-F3	24 R-B3	24 R-B3
3 B-C4	3 B-C4	25 N-B3	25 N-B3
4 P-K3	4 P-K3	26 P-Q4	26 P-Q4
5 BxP	5 BxP	27 Q-Q2	27 Q-Q2
6 P-KN4	6 P-KN4	28 N-N	28 N-N
7 P-N3	7 P-N3	29 P-QR4	29 P-QR4
8 Q-N3	8 Q-N3	30 P-N4	30 P-N4
9 N-K5	9 N-K5	31 PxB	31 PxB
10 B-B1	10 B-B1	32 R-R2	32 R-R2
11 B-N2	11 B-N2	33 B-N4	33 B-N4
12 B-N4	12 B-N4	34 B-Q6	34 B-Q6
13 P-N5	13 P-N5	35 Q-N1	35 Q-N1
14 Q-N3	14 Q-N3	36...KxB	36...KxB
15 P-K4	15 P-K4	37 R-B3	37 R-B3
16 P-N	16 P-N	38 RxB	38 RxB
17 P-N	17 P-N	39 NxB	39 NxB
18 N-R4	18 N-R4	40 PxB	40 PxB
19 N-N	19 N-N	41 P-N	41 P-N
20 Q-N4	20 Q-N4	42 R-R4	42 R-R4

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Western States	EST	EST	EST	EST	EST
in	EST	EST	EST	EST	EST
222	1:00	1:00	1:00	1:00	1:00
254	1:07	1:07	1:07	1:07	1:07
264	1:08	1:08	1:08	1:08	1:08
495	5:05	5:05	5:05	5:05	5:05
410	1:25	1:25	1:25	1:25	1:25
278	11:30	11:30	11:30	11:30	11:30
307	1:30	1:30	1:30	1:30	1:30
265	9:30	9:30	9:30	9:30	9:30
251	9:30	9:30	9:30	9:30	9:30

Resch, Hess Are Cup Victors

From Agency Dispatches
SANTA CRISTINA, Italy — Austrian Erwin Resch won his first World Cup downhill with a victory at Val Gardena Sunday while in Piacavallo, Erika Hess of Switzerland won a women's World Cup slalom.

Resch, 20, completed the icy 1.56-meter track, which dropped 839 meters, in 2:07.41; 11 hundredths of a second ahead of Konrad Bartelski, a British skier of Polish ancestry.

Olympic champion Leonard Stock of Austria, who had been off with a slow start, regained ground in the final part of the course and finished third.

Bartelski's only previous slalom headlines had been sour ones, especially for a spectacular spill four years ago on France's Megève circuit that left him unconscious.

Help From The Sun
But he found glory Sunday as he turned his 29th starting position into his best finish ever as sun softened the snow for later racers. It was Britain's first-ever World Cup points.

"I was really depressed this morning after I learned about the situation in Poland for this," he said. "I like the course and I've always done rather well here, but things seem to have been going the wrong way lately. I sometimes wondered if it was all worth the effort."

Canadian Steve Podborski, proving a steady threat to the powerful Austrians, finished fourth with Italy's Mauro Cormaz in fifth.

Austrian Bernhard Flaschberger, who started 35th, placed sixth followed by transalpine Franz Klammer, winner of the season's first downhill last week. The Austrian team, noted for its power in the downhill, placed six competitors in the top 10.

Mahre Picks Up Points

Phil Mahre of the United States finished more than three seconds behind the winner in 30th place, but won the combined standings to pick up 30 World Cup points. The downhill, combining with Wednesday's slalom that Mahre won in Madonna di Campiglio, gave Mahre 95 points after four races in the overall cup standings.

Liechtenstein's Andreas Wenzel, Mahre's runner-up in the combined, also gained second place overall with 46 points.

Podborski, proving the best downhiller of the strong Canadian team, conceded he made some mistakes lower part. "It wasn't a question of skiing poorly. It was just timing. I think I was late on an entrance, then early on the next turn to compensate for it. It wasn't an ideal run at all," he said.

Teammate Ken Read, still seeking top condition and a disappointing 24th Sunday, was in bad mood. "I made a string of errors and this is why I dropped so low," he said.

The men's competition continues in Cortina d'Ampezzo, Italy, where a slalom and a giant slalom are scheduled Monday and Tuesday.

Quick Revenge

Hess, last year's slalom champion, took quick revenge for a slalom upset administered by Hanni Wenzel of Liechtenstein Saturday.

Hess piled up a comfortable lead in the first heat to edge Wenzel by 60 hundredths of a second.

The men's competition continues in Cortina d'Ampezzo, Italy, where a slalom and a giant slalom are scheduled Monday and Tuesday.

Wenzel Slalom Winner

PIACAVALLLO, Italy — Hanni Wenzel of Liechtenstein won the first slalom of the women's World Cup ski season Saturday by finishing less than four tenths of a second ahead of Erika Hess of Switzerland.

Wenzel, twice World Cup and Olympic champion, clocked a total of 1 minute, 45.17 seconds for two runs; Hess, the defending cup slalom champion, was timed in 1:45.55. Ursula Konzett of Liechtenstein was third with a 1:46.03 total.

Wenzel, fastest in the first run down the fog-shrouded Sauc course in 52.99 seconds, came in at 52.18 for the second leg. Hess had heat times of 53.07 and 52.48. The first heat was flagged with 58 gates, the second with 59.

Perrine Pelen of France was fourth in 1:46.73, followed by Ital-

Hess' total time was 1:45.64 over the 60 gates in both heats.

Wenzel, Olympic champion and twice the World Cup holder, recovered two places from the first run — clocking the second fastest heat, — but was unable to catch her Swiss rival.

The race was run under good weather conditions, a contrast to Saturday's competition in which a shifting fog made life difficult for racers trying to negotiate the course.

The victory moved Hess into first place in the overall standings with 76 points, four more than Wenzel.

Italian skiers Maria Rosa Quario and Daniela Zini took third and fourth place, respectively.

Perrine Pelen of France was fifth, followed by young Austrian, Roswitha Steiner, a surprising runner-up to Hess on the first leg.

Swede Ann Melander, sking one of her best races ever, finished seventh ahead of two other surprising finishers, Andreja Leskovic of Yugoslavia and Malgorzata Tialka of Poland.

A second Austrian, Anni Kronbichler, finished tenth.

The U.S. skiers were a complete flop. Abigail Fisher, 10th after the first heat, plunged to 18th place overall. Christian Cooper missed one of the first gates in the first heat and Tamara McKinney dropped out in the second.

Sunday's slalom, the second within 24 hours held at Piacavallo, had been originally scheduled in Limone Piemonte but was cancelled for lack of snow.

The women's circuit now moves into France for a string of races leading up to the Christmas break.

Men's Overall Standings
1. Erwin Resch, Austria, 2:07.41.
2. Konrad Bartelski, Britain, 2:07.52.
3. Leonard Stock, Austria, 2:07.81.
4. Mauro Cormaz, Italy, 2:07.91.
5. Bernhard Flaschberger, Austria, 2:08.37.
6. Franz Klammer, Austria, 2:08.61.
7. Peter Wirnsperger, Austria, 2:08.79.
8. Toni Sailer, Switzerland, 2:08.89.
9. Silvio Moll, Switzerland, 2:09.06.
10. Hanni Wenzel, Liechtenstein, 2:09.17.
11. Franz Melzer, Switzerland, 2:09.43.
12. Doug Powell, United States, 2:09.17.
13. Ted Fisher, Canada, 2:09.21.
14. Franz Melzer, Switzerland, 2:09.43.
15. Franz Melzer, Switzerland, 2:09.43.

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Muhammad Ali

Leaving the ring.

Ali, Defeated in Comeback Attempt, Says He's Quitting Boxing for Good

By Dave Kindred
Washington Post Service
NASSAU, Bahamas — "I shall return..." Muhammad Ali said Saturday morning.

"To Los Angeles, California."

The eternal limp, Ali said good-bye with a laugh.

His comeback had failed Friday night when young Trevor Berbick, unfazed by the 39-year-old former heavyweight champion's feather-duster punches, turned an aggressive attack into a unanimous decision victory.

Ali knows it's over now, and he said good-bye gracefully Saturday. Someone asked Berbick if he learned anything in the fight, and before the 27-year-old Canadian champion could answer, Ali leaned toward the news conference microphone.

"I taught him to retire before he's 40."

He wasn't grieving, he said. Not after losing to Joe Frazier, not after losing to Ken Norton and Leon Spinks and Larry Holmes.

And not now after only his fifth loss in 61 fights.

"I'm happy. I've had a good life in boxing."

So many times before, Ali has said good-bye only to show up

again on our doorstep with his boxing gear and a fantasy. So many times he has said he had to move on with his life, to do his Muslim preaching, to be an evangelist to the world.

How are you to know he won't pop up to another fight soon?

"I'm not crazy," Ali said. "He had no excuses this time. After the Holmes humiliation 14 months ago, Ali said he was too hot, took too many thyroid pills, had no strength or energy."

Not this time.

Ali had called it a step toward regaining the championship an unprecedented fourth time, but he could not stop the assault of Berbick. There were no knockdowns in the 10-round fight. The judges' scoring was: Clyde Gray 99-94, Alonzo Butler 97-94, Jay Edson 99-94.

The preliminaries had begun two hours late because somebody forgot to bring the gloves. They finally a couple of pairs.

Cowbell, Missing Gloves
Then the Bahamian Boxing Commission had to find a bell to sound the rounds. They ended up bringing in a cowbell and struck it with a hammer.

There were only about 7,000 spectators in the makeshift stadium — 11,000 folding chairs and wooden bleacher seats set up behind second base of a kids' baseball field — when Ali and Berbick walked to the ring.

At 236½ pounds, Ali came to the battle with a spare tire around his waist.

Berbick came to fight only after getting a guarantee of his purse an hour before the scheduled start of the show.

For every flurry by Ali — and he seemed intent on establishing early domination — Berbick burst back. By the third round, it became apparent Ali's best punches could not hurt Berbick.

Still, Ali looked much improved from the Holmes debacle.

By the fifth round, Berbick was the aggressor, moving Ali from corner to corner, unafraid of Ali's punches.

Ali now seemed tired, holding on and occasionally using his jab in an attempt to keep Berbick away.

Halfway through the seventh round, Berbick moved Ali to the ropes. Ali had no defense, he could not hold up his hands and Berbick landed three shots to the face. The fight was all Berbick's.

Beginning the ninth, Berbick followed Ali around the ring. Ali went up on his toes, moving away all the time, trying to find safety in the center of the ring.

As the cowbell concluded the round, Berbick landed seven straight punches. He landed the last three punches as the cowbell ended the 10th and final round.

His Dreams and Ours
By Saturday morning, Ali was happy, anyway, that he took the fight. Dreams move this man.

Cassius Marcellus Clay Jr. was 12 years old when somebody stole his bicycle in Louisville. He told a policeman. The policeman took him into a boxing gym. He was a pro six years later.

At 22, Clay won the world heavyweight championship.

As a pro for 21 years, one month and 13 days, first as Clay and then as Ali, he mesmerized us. His dreams became ours.

The dream this time was to win the title a fourth time, and he needed to beat a decent fighter to get a chance at a champion.

So he had no second thoughts about this last fight. He had a chance to show what he could do.

"I didn't show," he said, "and now I know."

In seven words of rhyme, Ali confessed it was over. Never before did the ultimate believer admit defeat.

"You're just sorry when you can't respond to the challenge."

The best he could make of this fight was that he survived it honorably. He could have been on the floor, he said, or the referee might have had to pull Berbick off him, or he might have broken teeth and a split lip.

"It could have been worse. I'm happy because I'm still looking good for an old man."

At his best, in the mid-60s, Ali danced all night, circling bewildered opponents, pausing only long enough to rip a snake-lick jab into unsuspecting eyes.

"Float like a butterfly, sting like a bee," Boudini Brown said of Ali. The metaphor was a dead perfect fit.

Did he ever think he had the old Ali magic?

"No," Ali said. "The things I wanted to do, I couldn't do."

"I felt the timing wasn't there, and the referee — I could tell I was 40, and I could tell he was younger. . . . I think I'm finished as far as getting in the ring."

"I Know"
"I know myself better than anybody. I know it's the end."

He will not do boxing exhibitions. Too much work, too much pain. He says he will do his evangelism work with Wallace Muhammad, the Muslim leader in America.

Ali said he turned down a \$10 million public relations job with an oil company that wanted to use his influence in Muslim oil countries. No politics, he said. Preaching, lecturing, spreading Allah's word.

"It's a joy and relief," Ali said softly, "to know it's over."

Hearns, Page Win
NASSAU (AP) — Thomas Hearns, a one-inch cut ripped over his left eye in the first round, wore down Ernie Singletary with left jabs and hooks, then battered him in the final two rounds to win a unanimous 10-round decision in one of four preliminary matches before the Ali-Trevor Berbick fight.

The match was Hearns' debut as a middleweight and his first fight since losing to Sugar Ray Leonard in September for the undisputed welterweight title.

In other matches, Greg Page knocked down Scott LeDoux three times and stopped him

